

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017



# MIDLANDS TECHNICAL COLLEGE

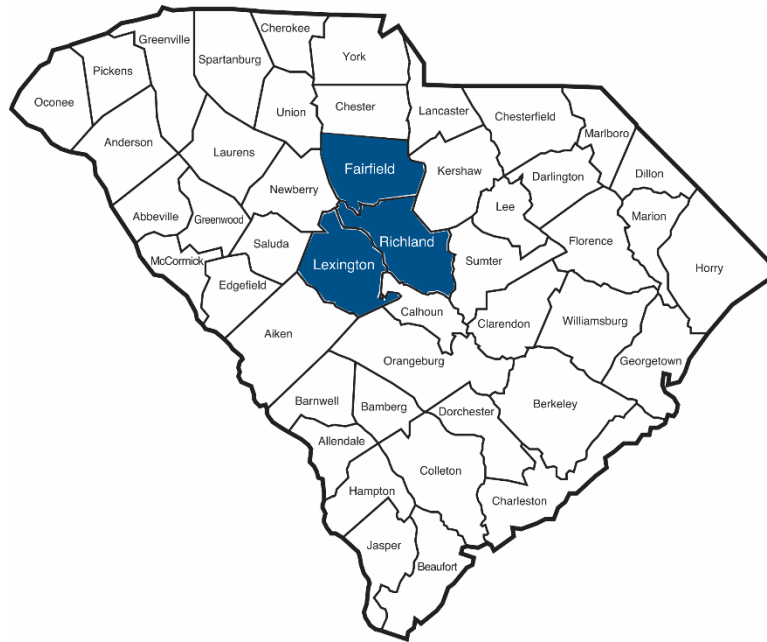
## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

A college included in the higher education funds of the State of South Carolina

### STATEMENT OF MISSION

Midlands Technical College is a comprehensive, multi-campus, two-year public college serving the primary region of Richland, Lexington and Fairfield counties of South Carolina. College programs and services provide accessible, affordable, quality education that prepares a diverse student population to enter the job market, transfer to senior colleges and universities, and achieve their professional and personal goals. Through its programs and services, the College equitably provides higher education opportunities and strengthens the economic and social vitality of the community.



Prepared by  
the Finance and Accounting Office

Debbie M. Walker, M.B.A., CGFO  
Vice President for Business Affairs

Sheila W. Smith, M.B.A.  
Associate Vice President for Business Affairs

Jessica H. Booth, CGFO  
Director of Finance and Financial Reporting



# MIDLANDS TECHNICAL COLLEGE

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

A college included in the higher education funds of the State of South Carolina

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# MIDLANDS TECHNICAL COLLEGE

## PRESIDENT'S LETTER

September 21, 2017

Members of the Midlands Technical College Commission and the Community:

It is an honor to present the Comprehensive Annual Financial Report (CAFR) for fiscal year 2016-2017. Midlands Technical College (MTC) publishes this report annually to share important information concerning our operations and financial position.

I am pleased to announce, as detailed in this CAFR, that MTC is in a strong financial position that will enable us to continue our mission of making lives better for citizens of the Midlands.

This year, MTC benefited from the philanthropic support of individuals and businesses who believe in the college's mission of providing affordable higher education opportunities, strengthening businesses and their workforce, and enhancing the economic and social vitality of the community. For the first time, the MTC Foundation net assets exceeded \$11 million.

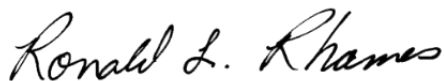
The Smithsonian's National Museum of American History requested MTC's expertise for its *National Week of Making*. MTC Machine Tool students, guided by expert faculty and utilizing advanced facilities, helped the Smithsonian with its national public service project by designing and making 2,000 kit components for K-12 students from across the country. The kits were featured at the Smithsonian event where members of the public, along with officials from educational associations and the National Science Foundation, attended and viewed the exhibits MTC helped create.

Midlands Technical College officially opened its new Veterans Success Center on the Beltline Campus for service members and veterans to connect and network. This was made possible, in part, by a Vet Center Initiative grant from Student Veterans of America and The Home Depot Foundation. The Center is home to the only VetSuccess on Campus (VSOC) site in South Carolina, designated by the U.S. Department of Veterans Affairs. Midlands Technical College continues to be the largest provider of veterans' educational benefits in South Carolina.

Lastly, I am proud to share that the Government Finance Officers Association (GFOA) has awarded Midlands Technical College the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year 2015-2016. The certificate is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a public college or university. This is the 21<sup>st</sup> consecutive year Midlands Technical College has received the prestigious national award.

At Midlands Technical College, we are passionate about providing higher education with real value to our students, college, and community. This was evident through the thousands of students and family members who filled auditoriums celebrating commencement exercises and pinning ceremonies, and who garnered local and national awards for their excellence in academics and service. Just as we are proud of what we have accomplished over the past year, we are dedicated to providing fiscally responsible, innovative educational leadership for years to come.

Respectfully,



Dr. Ronald L. Rhames  
President



POST OFFICE BOX 2408 • COLUMBIA • SOUTH CAROLINA • 29202 • 803.738.1400



September 21, 2017

To: Midlands Technical College Commission, the President, the Executive Council, and the community served by Midlands Technical College

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Midlands Technical College (the "College") for fiscal year ended June 30, 2017.

State law, federal guidelines, and certain debt covenants require an annual audit of the College's financial records. The College has contracted with the independent certified public accounting firm, The Brittingham Group, L.L.P., to perform the annual audit of its financial statements and federal awards. The Independent Auditors' Report is included in the financial section of this CAFR and reflects an unqualified opinion on the basic financial statements. As a recipient of federal financial awards, the College complies with the requirements of the Single Audit Act, and separate Single Audit reports have been issued, which are included in the Federal Awards section.

The management of the College is responsible for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, the information presented is accurate in all material respects and is comparable to equivalent institutions. All disclosures have been included and will provide the reader with a reasonable understanding of the College's financial activities that support its mission.

The management of the College is responsible for establishing and maintaining the framework of all internal controls. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of policies and procedures related to the internal control framework. The system of internal control is designed to ensure that certain organizational objectives are met. Accordingly, organizational structure, policies, and procedures have been established to safeguard assets; ensure the reliability of accounting data; promote efficient operations; and ensure compliance with established governmental laws, regulations and policies, college policies, and other requirements of those to whom the College is accountable. The internal accounting control structure is designed to provide reasonable, not absolute, assurance that these objectives are met.

The Management's Discussion and Analysis included in the Financial Section provides a detailed explanation of the

changes in financial reporting from the prior year and the resulting effects of those changes, and should be read in conjunction with this letter of transmittal.

## PROFILE OF THE COLLEGE

Midlands Technical College (MTC) is one of 16 colleges included in the South Carolina Technical College System. The State Board for Technical and Comprehensive Education, an agency of the State of South Carolina, governs the system. Midlands Technical College is a comprehensive, public two-year institution that serves Richland, Lexington, and Fairfield counties in the Central Midlands region of South Carolina. The College has six campuses, three in Lexington County, two in Richland County, one in Fairfield County, and a teaching location at Fort Jackson that serves enlisted personnel and civilians.



In February, the College celebrated Black History Month by honoring a pivotal part of African American history that reflects on the progress of all South Carolina students who seek higher education. From 1911-1958, The Harbison Institute was located on the present day site of the MTC Harbison Campus. The Institute provided educational opportunities to African American students during a time when options were limited. MTC requested that the South Carolina General Assembly issue a resolution declaring February 22, 2017, as Harbison History Day in South Carolina.

The College played a major role in the National Week of Making at the Smithsonian's National Museum of American History. The Smithsonian needed several parts that were from famous inventions. The College was asked to design and create a tool needed for the invention kits. One part was a solenoid (electromagnet) that has been used in many inventions. The kits were needed for distribution to

hundreds of students visiting the Smithsonian for the National Week of Making. The College's expert faculty and students in the Machine Tool and Mechatronics programs, coupled with MTC's Advanced Technologies, helped the Smithsonian by designing and making the mold for the solenoid spool. After completion of the mold, MTC students made 2,000 parts and sent them to Washington, D.C. for the Smithsonian event. This national public service project gave MTC students the opportunity to see how valuable industrial skills can be.

MTC opened its new Veterans Success Center on the Beltline Campus for service members and veterans to connect and network. The new center is a campus hub that will provide veterans outreach and community resources. The United States Department of Veterans Affairs designated the College as a VetSuccess on Campus site. MTC is one of the largest providers of Veterans' Education Services in South Carolina and the only college to have this designation.

The College is launching a new concept designed to make the College a recognized leader in the development and deployment of companies, jobs, skills, and the mindsets necessary for entrepreneurial success in the Midlands. The College's new Center for Entrepreneurial Success will help current and future students to navigate the difficult and complex path of taking their business ideas and turning it into a successful, sustainable, and profitable ventures. The Center for Entrepreneurial Success will provide opportunities for student success and community growth.

The College's governing board, the Commission, is appointed by the Governor of South Carolina upon the recommendation of the legislative delegations from Richland, Lexington, and Fairfield counties. The Commission is composed of thirteen members who will serve for a term of four years. Officers are elected every two years, with the chairmanship alternated between the three counties. State law mandates Richland and Lexington counties to provide sufficient funding to build, maintain, and operate the College's physical plan. The division of financial responsibility is based on population and is used each year for budget request purposes from the two Counties. The current distribution is 40.56% for Lexington County and 59.44% for Richland County.

Fairfield County also provides financial support by funding the difference between the in-county tuition rate and the in-state tuition rate for its residents who attend the College. Fairfield County provided 1.14% of the total county support for the current fiscal year.

Midlands Technical College is reported as a discretely presented component unit in the State of South Carolina's Comprehensive Annual Financial Report.

The Midlands Technical College Foundation, Inc., (the Foundation) is a nonprofit organization that was formed on August 12, 1970, to benefit and support education at Midlands Technical College. It is a legally separate tax exempt discreet component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. A separate Board of Directors governs the Foundation. The 20-member Board of the Foundation is self-perpetuating and provides the structure through which individuals, corporations, and other private sector interests can demonstrate their support of the College. The activity of the Foundation is included separately in the College's financial statements.



The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by S.C. Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a blended component unit of Midlands Technical College. The Authority was established to provide for the management, development, and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission. The activity of the Authority is blended in the financial statements of the College.

The College's strategic planning process includes extensive planning in preparation of the budget. The original operating budget is based on preliminary estimates and is approved by the Commission in May of each year. During its October meeting, the Commission approves the revised budget, which is prepared after major sources of revenue are known. An annual facility plan, which outlines the needs for operations and maintenance of plant facilities, is used for the budget requests submitted to the counties. A long-term facility plan is prepared, reviewed, and updated annually as the College's initiatives are revised.



The College maintains controls in line-item budgets, budget transfer restrictions, and the use of an encumbrance accounting system. These budgetary controls ensure compliance with the annual budget adopted by the governing Board. As demonstrated by the financial statements and schedules included in the financial section of this report, the College management continues to meet its responsibility for sound fiscal administration.



## **ECONOMIC CONDITIONS**

Fiscal year 2016-2017 was moderately stable economically for the College and other South Carolina higher education institutions as the general economy continues to improve. South Carolina's unemployment rate is at an all-time low of 3.9%. With the improvement in the economy, the technical colleges in the state are experiencing decreases in enrollment. Decreases in student enrollment significantly influence the College's annual budget. The declines in student enrollment adversely affect tuition revenue. The College recognized that it had to create a strategic plan that was nimble, flexible and a structure that allowed the College to make changes and adjustments within the established framework of the initiatives, action strategies and key performance measures. This plan addresses the enrollment declines and focuses on three main initiatives: Growing the College, Leveraging Goodwill, and Making Lives Better. The strategic plan has multiple initiatives to increase enrollment in targeted areas such as STEM related programs, dual enrollment and growing the overall student retention rate. Midlands Technical College is looking at varied opportunities in areas such as retention and advising to enhance the academic advising experience. Enhancing the academic advising experience encourages student completion, thus moving the College and the success of its students in a positive direction. This fiscal year, the College did not face any budget reductions from the State. The State provided \$1 million for the QuickJobs program and provided a 3.5% pay increase for state-funded employees.

The counties, during fiscal year 2016-2017, continued to fully support the College's physical plant operations budget request and maintained its commitment to the College's capital and debt-service needs by funding the requested amounts.

The College undertook several initiatives designed to increase the pipeline of trained and licensed individuals to meet labor market demands and strengthen its ability to serve and acquire resources for the College.

Midlands Technical College and South Carolina State University formalized a bridge agreement that will provide graduates from MTC's Associate in Arts and Science programs, as well as some MTC career programs, direct transfer of credits to South Carolina State University. MTC also entered into an agreement with Columbia College that will provide opportunities for students with associate degrees from MTC to transfer to Columbia College as juniors.

The Gamecock Gateway Program continues to grow in 2016-2017. In Fall of 2012, MTC and the University of South Carolina (USC) administrators collaborated and implemented a second MTC to USC transition program the Gamecock Gateway Program. This program began with 157 students participating in the program. In Fall 2016, the program has grown to approximately 450 participants. Students complete the first year at MTC while living on the USC campus.

The College is working closely with school districts and high school administrators to offer dual enrollment to high school students. MTC currently has approximately 11 agreements in place with high schools throughout MTC's service area. The agreement provides high school students the opportunity to earn college credit while still in high school. The agreement with high schools gives students the opportunity to potentially graduate high school with a high school diploma and an associate degree.

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Midlands Technical College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the College's 21<sup>st</sup> consecutive year receiving this award.



In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report of which all content conforms to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The College believes its current report continues to conform to the Certificate of Achievement program requirements and is submitting it to GFOA.

## ACKNOWLEDGEMENTS

The timely preparation of the Comprehensive Annual Financial Report is a coordinated College-wide effort. We would like to express sincere appreciation to all employees in the Business Affairs Division who contributed to the timely closing of the College's financial records and the preparation of this report; to the Marketing Communications unit for its contributions in design, editing, printing, and publication of the document; and to Institutional Support's Assessment, Research and Planning unit for providing statistical data. Our sincere appreciation is also expressed to other individuals and to our Commission for their support of this initiative.

Sincerely,

A handwritten signature in black ink that reads "Debbie M. Walker".

Debbie M. Walker, M.B.A., CGFO  
Vice President for Business Affairs

A handwritten signature in black ink that reads "Sheila W. Smith".

Sheila W. Smith, M.B.A.  
Associate Vice President for Business Affairs

A handwritten signature in black ink that reads "Jessica H. Booth".

Jessica H. Booth, CGFO  
Director of Finance and Financial Reporting



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Midlands Technical College  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is fluid and cursive.

Executive Director/CEO

# MIDLANDS TECHNICAL COLLEGE

## Organizational Data

### COMMISSION MEMBERS AND OFFICERS

<u>Commissioner</u>	<u>County</u>	<u>Term Expires</u>
George P. Powers, Chair	Richland	July 31, 2021
Margaret U. Holmes, Vice Chair	Fairfield	March 24, 2019
Sandra J. Jackson, Secretary	Richland	July 31, 2020
Ronald H. Burkett, Treasurer	Lexington	November 16, 2018
Katie M. Bolden	Richland	July 31, 2020
Pamela S. Harrison	Richland	June 1, 2021
Paula A. Hite	Lexington	November 16, 2019
Randall M. Jackson	Richland	July 31, 2019
Christopher M. Joye	Lexington	July 31, 2019
Robert C. Lentz	Richland	July 31, 2019
L. Todd Sease	Lexington	May 11, 2019
Diane E. Sumpter	Richland	July 31, 2020
Robert P. Wilkins, Jr.	Lexington	November 16, 2020

### COMMISSIONER EMERITUS

Peter E. Sercer, Sr.

### EXECUTIVE COUNCIL

Ronald L. Rhames	President
Debbie M. Walker	Vice President for Business Affairs
Starnell K. Bates	Vice President for Institutional Support
Ronald L. Drayton	Vice President for Academic Affairs
Barrie B. Kirk	Vice President for Corporate and Continuing Education and Marketing Communications
Sandra L. Oliver	Vice President for Student Development Services
Crystal M. Rookard	General Counsel and Special Advisor to the President
Jacob R. Hoekstra	Associate Vice President for Philanthropy and CEO of the MTC Foundation
J. Thomas Ledbetter	Associate Vice President of the Center for Entrepreneurial Success and Community Engagement
Charlton L. Whipple	Executive Director for the Enterprise Campus Authority (ECA) and Economic Development
Shickre A. Sabbagha	Director of Student Retention
Kimberly S. Boatwright	Executive Assistant to the President

### BUSINESS AFFAIRS DIVISION

Debbie M. Walker	Vice President for Business Affairs
Sheila W. Smith	Associate Vice President for Business Affairs
Stanley A. Bolton	Director of Auxiliary and Support Services
Jessica H. Booth	Director of Finance and Financial Reporting
Kristin W. Cobb	Director of Theatre Operations
Faye E. Gowans	Director of Human Resource Management
Craig E. Hess	Director of Plant Operations
Anthony L. Hough	Director of Information Resource Management
Ian A. MacLean	Director of Internal Audit and Risk Management

### COMMISSIONERS



George P. Powers,  
Chair



Margaret U. Holmes,  
Vice Chair



Sandra J. Jackson,  
Secretary



Ronald H. Burkett,  
Treasurer



Katie M. Bolden



Pamela S. Harrison



Paula A. Hite



Randall M. Jackson



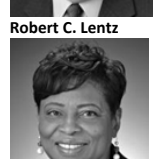
Christopher M. Joye



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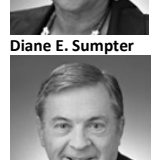
L. Todd Sease



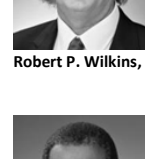
Diane E. Sumpter



Robert P. Wilkins, Jr.



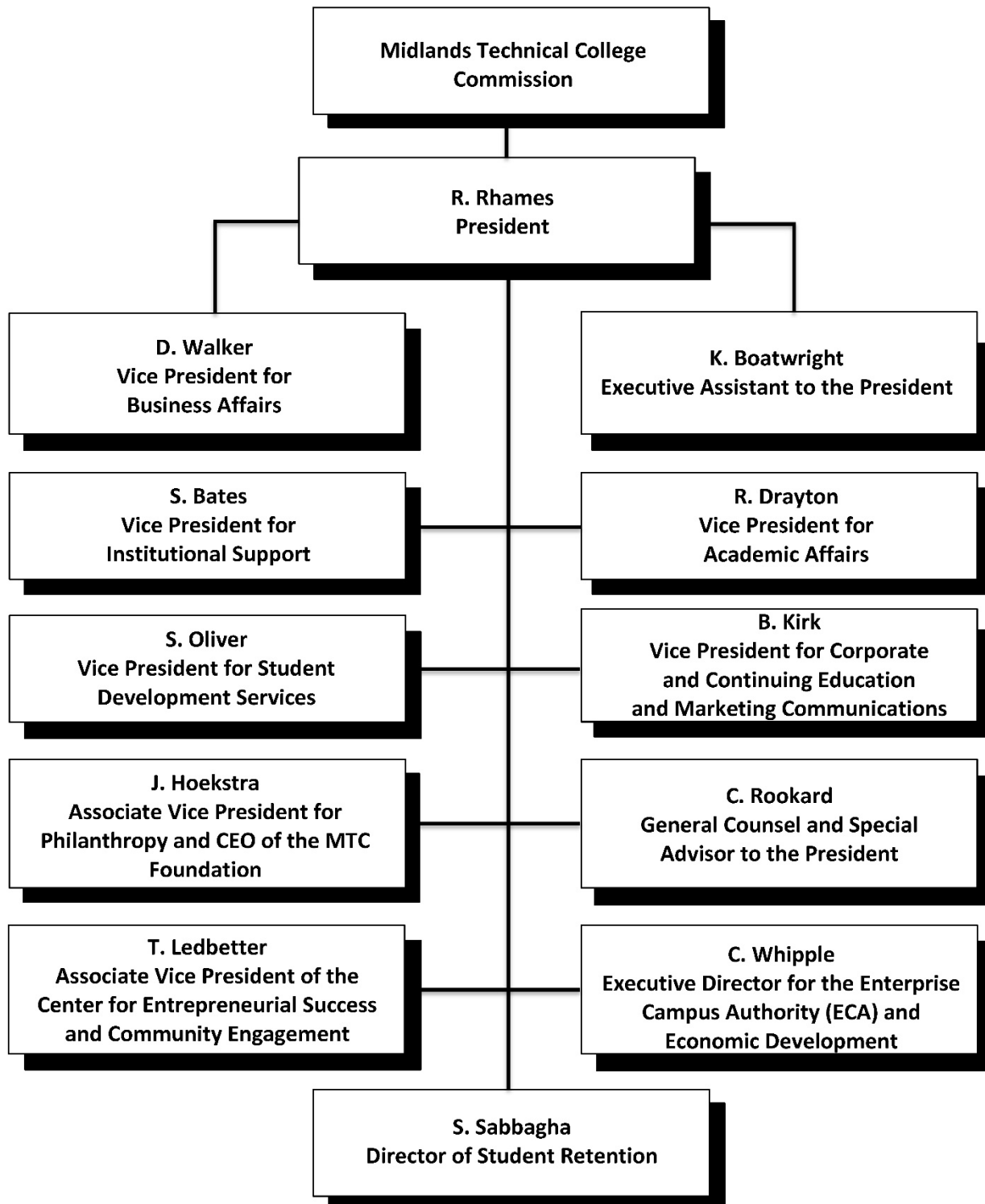
Peter E. Sercer, Sr.  
Commissioner  
Emeritus



Ronald L. Rhames,  
Ex Officio Member  
MTC President

# MIDLANDS TECHNICAL COLLEGE

## Organizational Chart



# **MIDLANDS TECHNICAL COLLEGE**

## **College-Wide Goals and Priority Initiatives**

### **Goal 1: Growing the College**

#### Priority Initiatives:

1. Increase enrollment in targeted STEM-related programs by 10% by Fall 2018.
2. Increase the students who are dually enrolled at high school campuses by 15% by Fall 2018.
3. Increase the number of current employers sponsoring training or providing tuition assistance for employees by 10% in two years.
4. Increase enrollment of credit students by 2,000 by Fall 2018.
5. Grow overall student retention rate by 2% per year; 4% by Fall 2018.

### **Goal 2: Leveraging Goodwill**

#### Priority Initiatives:

1. Increase the number of students receiving private support for unmet financial needs by 10% annually.
2. Increase Alumni Association membership by 20% per year by Fall 2018.
3. Increase endowment by 10% a year in new money and pledges received by the College.

### **Goal 3: Making Lives Better**

#### Priority Initiatives:

1. Increase training that is in-demand by 15 new businesses by Fall 2018.
2. Integrate Life Skills in 90% of College programs.

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# THE BRITTINGHAM GROUP, L.L.P.

## CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
POST OFFICE BOX 5949  
WEST COLUMBIA, SOUTH CAROLINA 29171

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PHONE: (803) 739-3090

FAX: (803) 791-0834

### INDEPENDENT AUDITORS' REPORT

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

#### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Midlands Technical College (the "College"), a component unit of the State of South Carolina and a member institution of the South Carolina Technical College System, including its blended component unit, the Midlands Technical College Enterprise Campus Authority (the "Authority"), and its discretely presented component unit, Midlands Technical College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2017, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of South Carolina Retirement Systems Net Pension Liabilities, and Schedule of South Carolina Retirement Systems Contributions on pages 15 – 20, 59, and 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*The Brittingham Group LLP*

West Columbia, South Carolina  
September 21, 2017

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## **Management's Discussion and Analysis**

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**MIDLANDS TECHNICAL COLLEGE**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report of Midlands Technical College (the College) presents Management's Discussion and Analysis of the College's financial performance during the fiscal year ended June 30, 2017.

This discussion should be read in conjunction with the transmittal letter, the College's basic financial statements, the component unit's financial statements, and the notes to the financial statements.

### COMPONENT UNITS

The College has included the Midlands Technical College Foundation, Inc., (the Foundation) and the Midlands Technical College Enterprise Campus Authority (the Authority) in its financial statements in accordance with Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units. The Foundation is reported as a discretely presented component unit of the College. The Statement of Financial Position, the Statement of Activities and relevant note disclosures for the Foundation follow the College's financial statements. The governing body of the Authority is essentially the same Board as that of the College and it provides services that benefit the College, although it does not provide services directly to the College; therefore, the Authority is reported as a blended component unit and the activity is included in the financial statements of the College.

Complete financial statements for the Foundation or the Authority may be obtained by mailing a request to Midlands Technical College, Associate Vice President for Business Affairs, Post Office Box 2408, Columbia, South Carolina 29202.

### USING THIS ANNUAL REPORT

Midlands Technical College is pleased to present its financial statements for fiscal year ended June 30, 2017. Comparative financial statements are not presented in this report; however, condensed data is presented in this section, which will aid the reader in assessing the changes in the College's financial position since last year. The emphasis of discussions regarding these statements will focus on the current year.

The College is engaged only in business-type activities that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

### STATEMENT OF NET POSITION

The Statement of Net Position provides a snapshot of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal year. It provides the reader with information concerning the Institution's ability to continue its operations and to determine its financial stability.

Assets and liabilities are separated into current, those that are due or to be paid within the current year, and non-current, those that are longer term in nature. Net position represents total assets and deferred outflows of resources, minus total liabilities and deferred inflows of resources and provides information, in part, concerning any amount available to be spent by the institution.

Net position is divided into three major categories. The first category, *net invested in capital assets*, provides the equity in property, plant, and equipment owned by the College. The next category, which is *restricted net position*, is expendable in nature and is specifically for capital projects and debt service, as indicated. The final category of net position is *unrestricted*, and not subject to external stipulations. These amounts represent the net position of the Authority and the College's 30-day operating reserve as well as the College's proportionate share of the unfunded pension liability.

#### Assets and Deferred Outflows of Resources

The following schedule is a condensed version of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and is prepared from the Statement of Net Position.

**Condensed Summary of Net Position**  
**As of June 30, 2017 and 2016**  
(in millions)

	2017	2016	Increase (Decrease)	Percent Change
Current Assets	\$ 70.3	\$ 76.4	\$ (6.1)	(8.0)%
Non-Current Assets				
Capital Assets (Net of Depreciation)	86.7	87.2	(0.5)	(0.6)%
Other	5.6	5.2	0.4	7.7%
Total Assets	162.6	168.8	(6.2)	(3.7)%
Deferred Outflows of Resources	14.7	7.7	7.0	90.9%
Total Assets and Deferred Outflows of Resources	177.3	176.5	0.8	0.5%
Current Liabilities	11.7	12.3	(0.6)	(4.9)%
Non-Current Liabilities	117.1	109.3	7.8	7.1%
Total Liabilities	128.8	121.6	7.2	5.9%
Deferred Inflows of Resources	0.5	0.2	0.3	150.0%
Total Liabilities and Deferred Inflows of Resources	129.3	121.8	7.5	6.2%
Net Position				
Net Investment in Capital Assets	64.8	63.9	0.9	1.4%
Restricted for:				
Expendable	55.3	59.8	(4.5)	(7.5)%
Unrestricted	(72.1)	(69.0)	(3.1)	4.5%
Total Net Position	\$ 48.0	\$ 54.7	\$ (6.7)	(12.2)%

A strong indicator of the financial health of the College for the year is the approximate 6:1 ratio of current assets in the amount of \$70.3 million to current liabilities in the amount of \$11.7 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Current assets have decreased by \$6.1 million. The overall decrease is \$6.2 million in total assets for the fiscal year. The decreases in current assets are explained as follows:

- Cash increased by \$2.8 million due to transfers from short-term investments.
- Short-term investments decreased approximately \$7.3 million due to payments made on construction projects.
- Accounts receivable decreased in total by \$1.6 million due to a decrease in student receivables of \$0.8 million, decrease in company and other receivables of \$0.5 million, and a decrease of \$0.3 million in federal and state grant receivables.

Non-current assets include capital assets net of depreciation and other assets, which is comprised primarily of restricted cash. Capital assets net of depreciation are \$86.7 million for the year, a decrease of \$0.5 million over the prior year. Other non-current assets increased by \$0.4 million. The changes from the prior year are explained as follows:

- Construction in progress decreased by \$8.8 million. This is due to the completion of the Beltline Learning Resource Center.
- Building and improvements increased by \$12.2 million. This is primarily due to the completion of the Beltline Learning Resource Center in the amount of \$12.1 million.
- Depreciation and amortization expense accounted for \$4.7 million.

See Note 5, Capital Assets, for additional information.

The following table contains an analysis of capital assets as of June 30, 2017 and 2016.

**Analysis of Capital Assets**  
**As of June 30, 2017 and 2016**  
(in millions)

	2017	2016	Increase (Decrease)	Percent Change
Land & Improvements	\$ 15.5	\$ 15.5	\$ -	0.0%
Construction in Progress	-	8.8	(8.8)	(100.0)%
Works of Art	0.1	0.1	-	0.0%
Buildings & Improvements	116.6	104.4	12.2	11.7%
Machinery, Equipment, Vehicles & Other	16.0	16.1	(0.1)	(0.6)%
Total Capital Assets	148.2	144.9	3.3	2.3%
Less Accumulated Depreciation	(61.5)	(57.7)	(3.8)	(6.6)%
Capital Assets	\$ 86.7	\$ 87.2	\$ (0.5)	(0.6)%

Deferred outflows of resources increased by \$7.0 million. Deferred pension outflows increased by \$7.1 million due to an increase in the difference between expected and actual experience and investment earnings.

**Liabilities and Deferred Inflows of Resources**

Total liabilities are \$128.8 million, which is an increase of \$7.2 million over the prior fiscal year. Current liabilities decreased by \$0.6 million primarily due to a decrease of \$1.0 million in unearned revenue and a \$0.3 million increase in accounts payable. Non-current liabilities increased by \$7.8 million. The change in non-current liabilities are explained as follows:

- Pension liability increased by \$10.0 million due to a decrease in investment performance for the State of South Carolina's retirement programs.
- Non-current portion of bonds payable decreased by \$1.5 million.
- Non-current portion of compensated absences decreased by \$0.7 million.

See Note 12, Bonds Payable, and Note 13, Long-Term Liabilities, for additional information.

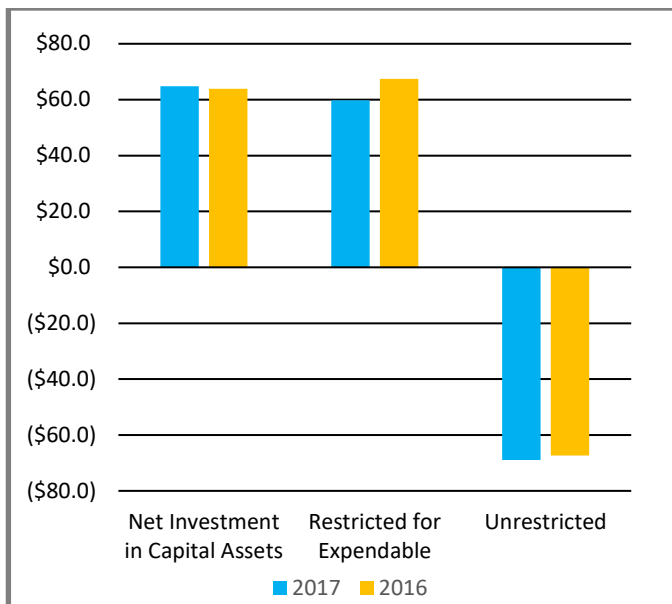
### Net Position

Total net position for the year is \$48.0 million, a decrease of \$6.7 million from the prior year. Net investments in capital assets increased by \$0.9 million, and restricted net assets have decreased by \$4.5 million.

Unrestricted net position decreased by \$3.1 million due to an increase in pension related items in the amount of \$3.2 million. Unrestricted net position consists of amounts related to the College's 30-day operating reserve that excludes nonessential expenses totaling \$6.0 million and unrestricted Enterprise Campus Authority funds of \$1.2 million.

The following chart is a graphic representation of the College's net position at June 30, 2017 and 2016.

**Comparative Net Position  
As of June 30, 2017 and 2016  
(in millions)**



### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present and categorize revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those that are received and used to carry out the mission of the College. The College depends on financial support from the state and counties for which services are provided. This support is reflected as non-operating revenue based on governmental accounting standards. The College will always reflect an operating deficit due to the dependence on federal, state, and local funding. Non-operating revenues and expenses offset the operating deficit and result in an overall decrease in net position for the year. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "loss before capital grants, gifts, other revenues, and appropriations."

### Operating Results

The following schedule summarizes the College's operating results for fiscal year ended June 30, 2017, with comparative data for fiscal year ended June 30, 2016.

**Condensed Summary of Revenues, Expenses, and Change in Net Position**  
**Fiscal Years 2017 and 2016**  
(in millions)

	2017	2016	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees	\$ 32.3	\$ 31.8	\$ 0.5	1.6%
Grants and Contracts	18.7	17.3	1.4	8.1%
Auxiliary	1.4	1.4	-	0.0%
Other	1.0	1.1	(0.1)	(9.1)%
Total Operating Revenues	53.4	51.6	1.8	3.5%
Less Operating Expenses	111.2	105.5	5.7	5.4%
Net Operating Loss	(57.8)	(53.9)	(3.9)	(7.2)%
Non-Operating Revenues				
State Appropriations	19.4	17.7	1.7	9.6%
Local Appropriations	13.5	12.9	0.6	4.7%
Grants and Contracts	18.5	20.9	(2.4)	(11.5)%
Other	0.5	0.7	(0.2)	(28.6)%
Total Non-Operating Revenues	51.9	52.2	(0.3)	(0.6)%
Interest Expense	(0.8)	(1.0)	0.2	20.0%
Decrease in Net Position	(6.7)	(2.7)	(4.0)	148.1%
Net Position, Beginning of Year	54.7	57.4	(2.7)	(4.7)%
Net Position, End of Year	48.0	54.7	(6.7)	(12.2)%
Total Revenues	\$ 105.3	\$ 103.8	\$ 1.5	1.4%

## Revenue

Total revenue increased by \$1.5 million, which is an increase of 1.4%.

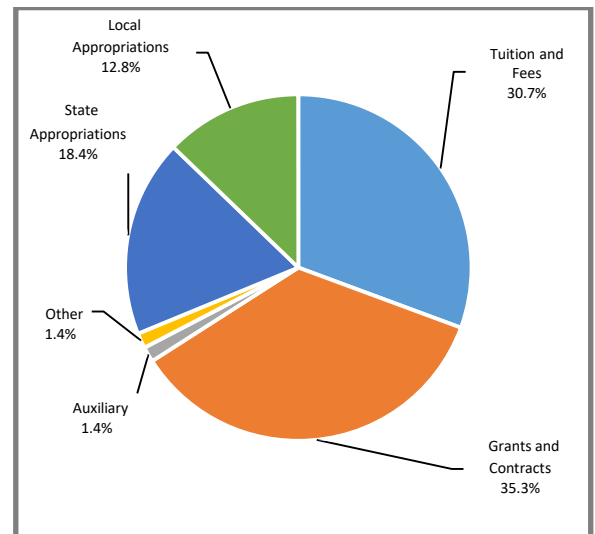
Operating revenue increased by \$1.8 million. The College had a Board approved tuition increase of 1.91%. Enrollment decreased by 4.5%. Operating grants and contracts increased \$1.4 million.

Non-operating revenues decreased by \$0.3 million. The decreases in non-operating revenues are explained as follows:

- Local appropriations increased by \$0.6 million
- State appropriations increased by \$1.7 million
- Grants and Contracts decreased by \$2.4 million. This decrease is due to a decrease in Pell Grant funds.

The following graph represents sources and percentages of revenue to the College for the fiscal year.

## Revenue by Source Fiscal Year 2017

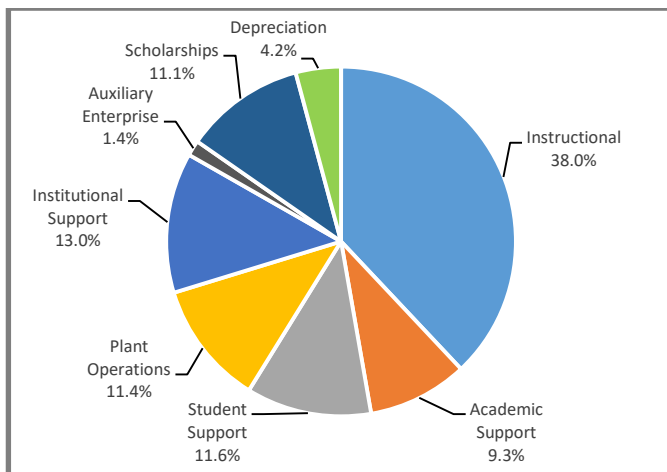


## Expenses

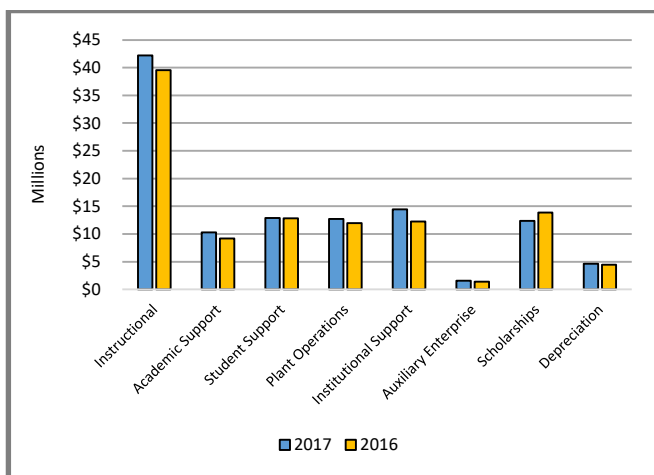
Operating expenses were \$111.2 million for the fiscal year, an increase of \$5.7 million or 5.4% over the prior year. Scholarships decreased by \$1.5 million, depreciation increased by approximately \$0.2 million, and supplies and other expenses increased by \$3.0 million compared to the prior year. The increase in supplies is primarily due to the College receiving \$1.1 million in Legislative Equipment funding, and an increase of \$1.2 million in federal grants. Salaries increased by \$1.9 million due to a state-wide salary increase of 3.25%. Pension expense increased by \$1.6 million.

The following graphs depict operating expenses by function for fiscal year ended June 30, 2017, and a comparison of operating expenses by function for fiscal years ended 2017 and 2016.

**Operating Expenses by Function  
Fiscal Year 2017**



**Comparison of Operating Expenses by Function  
Fiscal Years 2017 and 2016**



## STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the College during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement will always show a net use of cash in the section "Cash Flows from Operating Activities" due to the College's dependence on federal grants, state and local appropriations.

The statement is divided into five parts. The first section reflects the operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section shows the cash received and spent for non-operating, non-investing, and non-capital financing activities. The third section reflects cash flows from capital and related financing activities and shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The final section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Cash increased by approximately \$3.1 million from last year. Net cash flows from operating activities increased by \$0.7 million as seen in the chart below.

Cash flows from non-capital financing activity decreased an additional \$0.4 million. Capital and related financing activities increased cash by \$6.5 million due to the College not refunding or issuing any new debt in fiscal year 2017. The College refunded its 1998A, 2002C and 2007A bonds during fiscal year 2016. Net cash provided by investing activities resulted in an increase of \$7.7 million, a change of \$0.2 million from the prior period.

**Condensed Summary of Cash Flow  
Fiscal Years 2017 and 2016  
(in millions)**

	2017	2016	Increase (Decrease)
Net cash flow used by operating activities	\$ (49.6)	\$ (50.3)	\$ 0.7
Net cash flow provided by non-capital financing activities	48.2	48.6	(0.4)
Net cash used by capital and related financing activities	(3.2)	(9.7)	6.5
Net cash provided by investing activities	7.7	7.5	0.2
Net increase (decrease) in cash	3.1	(3.9)	7.0
Cash – beginning of year	5.7	9.6	(3.9)
Cash – end of year	\$ 8.8	\$ 5.7	\$ 3.1



**Debt Administration**

The College's financial statements reflect \$19,785,000 in bonds payable. These bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged in excess of the amount of annual debt requirements for the annual payment of principal and interest on the bonds to meet bond covenants, see Note 12.

**Economic Factors**

The economic condition of the College is dependent to a large degree on that of student tuition and fees, along with support of the state and local governments. Tuition increases related to planned improvements in the financial ability of the College to implement new programs, fund new facilities, and provide improved supplies and equipment for the College. Student enrollment has declined compared to the prior year. Local government support for the College remains strong and continues to provide funding for ongoing maintenance, renovation, and construction of new facilities. The state's economic outlook for fiscal year 2017-2018 is projected to be slightly increasing at this point.

**Requests for Information**

Additional information or questions concerning any of the information provided should be requested from the College's Associate Vice President for Business Affairs at Midlands Technical College, PO Box 2408, Columbia, SC 29202, or by email at [smithsw@midlandstech.edu](mailto:smithsw@midlandstech.edu).

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# **Basic Financial Statements**

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**MIDLANDS TECHNICAL COLLEGE**

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**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 3,267,427
Short-term investments	62,348,798
Accounts receivable, net	4,406,307
Other assets	312,015
Total current assets	<u>70,334,547</u>
Non-current assets:	
Restricted cash and cash equivalents	5,566,990
Capital assets:	
Depreciable, net of accumulated depreciation	80,975,488
Non-depreciable	5,712,193
Total non-current assets	<u>92,254,671</u>
Total assets	<u>162,589,218</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows - bond refunding	268,564
Deferred pension outflows	<u>14,478,185</u>
Total deferred outflows of resources	<u>14,746,749</u>
Total assets and deferred outflows of resources	<u>177,335,967</u>

**LIABILITIES**

Current liabilities:	
Accounts payable	2,321,248
Accrued payroll and related liabilities	2,000,179
Funds held for others	542,286
Unearned revenue	4,801,379
Long-term liabilities – current portion:	
Bonds payable	1,492,614
Compensated absences	263,274
Accrued interest payable	284,938
Total current liabilities	<u>11,705,918</u>
Non-current liabilities:	
Long-term liabilities – non-current portion:	
Bonds payable	20,655,397
Compensated absences	3,187,766
Pension liability	<u>93,269,831</u>
Total non-current liabilities	<u>117,112,994</u>
Total liabilities	<u>128,818,912</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred pension inflows	<u>479,115</u>
Total liabilities and deferred inflows of resources	<u>129,298,027</u>

**NET POSITION**

Net investment in capital assets	64,808,234
Restricted for:	
Capital projects	42,982,479
Debt service	12,299,456
Unrestricted	<u>(72,052,229)</u>
Total net position	<u>\$ 48,037,940</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2017**

**REVENUES**

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$24,250,013)	\$ 32,254,325
Federal grants and contracts	6,314,707
State grants and contracts	12,313,470
Non-governmental grants and contracts	28,511
Sales and services of educational departments	42,694
Auxiliary enterprises	1,363,015
Other operating revenues	1,036,694
Total operating revenues	<u>53,353,416</u>

**EXPENSES**

Operating expenses:	
Salaries	52,359,440
Benefits	19,069,494
Scholarships	12,386,434
Utilities	2,338,004
Supplies and other services	20,372,136
Depreciation and amortization	4,657,456
Total operating expenses	<u>111,182,964</u>
Operating loss	<u>(57,829,548)</u>

**NON-OPERATING REVENUES (EXPENSES)**

State appropriations	18,896,896
Local appropriations	10,910,576
Investment income (net of investment expenses)	318,800
Interest on capital asset-related debt	(773,073)
Federal grants and contracts	18,506,606
Net non-operating revenues (expenses)	<u>47,859,805</u>

Loss before capital grants, gifts, other revenues, and appropriations	<u>(9,969,743)</u>
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Capital grants, gifts, other revenues, and appropriations:

Contributed capital assets	184,262
Local capital appropriations	2,554,970
State capital appropriations	528,836
Total capital grants, gifts, other revenues, and appropriations	<u>3,268,068</u>

Decrease in net position	(6,701,675)
Net position – beginning of year	54,739,615
Net position – end of year	<u><u>\$ 48,037,940</u></u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Student tuition and fees – net of scholarship allowances	\$ 32,478,436
Federal, state, and local grants and contracts	18,932,295
Non-governmental contracts	28,511
Sales and services of educational departments	42,694
Auxiliary enterprise charges	1,363,015
Other receipts	1,036,694
Payments to vendors	(50,637,899)
Payments to employees	(52,887,242)
Amounts provided to student-governmental student loan program	(20,345,141)
Amounts provided from lenders	20,345,141
Net cash flows used by operating activities	<u>(49,643,496)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State appropriations	18,896,896
County appropriations	10,910,576
State, local, and federal grants, gifts and contracts – non-operating	18,506,606
Net change in funds held for others	(46,292)
Net cash flows provided by non-capital financing activities	<u>48,267,786</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Local appropriations for capital	2,554,970
State appropriations for capital	528,836
Purchase of capital assets	(4,006,127)
Principal paid on capital debt	(1,185,000)
Interest paid on capital debt	(1,041,071)
Net cash flows used by capital and related financing activities	<u>(3,148,392)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	58,020,000
Interest on investments	318,800
Purchase of investments	(50,671,641)
Net cash flows provided by investing activities	<u>7,667,159</u>
Net increase in cash	3,143,057
Cash and cash equivalents – beginning of year	5,691,360
Cash and cash equivalents – end of year	<u>\$ 8,834,417</u>

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

Operating loss	\$ (57,829,548)
Adjustments to reconcile cash flows used by operating activities:	
Depreciation and amortization expense	4,657,456
Change in assets and liabilities:	
Receivables, net	1,652,405
Allowance for doubtful accounts	(9,000)
Prepaid expense and other assets	(7,201,580)
Deferred inflows	331,326
Pension liability	10,000,806
Unearned revenue	(990,023)
Accounts payable	434,631
Accrued leave payable	(689,969)
Net cash flows used by operating activities	<u>\$ (49,643,496)</u>

**NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Non-cash investing activities – change in fair value of investments	\$ (85,916)
Contributed capital assets	184,262
Total non-cash investing, capital and financing activities	<u>\$ 98,346</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2017**

**Assets**

Cash and equivalents	\$ 543,069
Contributions receivables, net	2,043,380
Other receivable	18,463
Investments	8,809,720
Total assets	<u>\$ 11,414,632</u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable	<u>\$ 34,404</u>
Total liabilities	<u>34,404</u>

Net assets:

Unrestricted – undesignated	1,191,398
Unrestricted – designated	634,038
Temporarily restricted	2,704,966
Permanently restricted	6,849,826
Total net assets	<u>11,380,228</u>
Total liabilities and net assets	<u>\$ 11,414,632</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**

	Unrestricted		Temporarily	Permanently	
	Undesignated	Designated	Restricted	Restricted	Totals
<b>Revenue, gains, and other support</b>					
Contributions	\$ 134,691	\$ -	\$ 350,710	\$ 289,210	\$ 774,611
Grant revenue	-	-	26,500	-	26,500
Income on long-term investments	76,582	16,767	77,016	-	170,365
Other investment income	644	-	-	-	644
Net unrealized and realized gains on long-term investments	219,746	26,104	119,898	-	365,748
Net assets released from restrictions:					
Satisfaction of program restrictions	307,853	(22,387)	(285,466)	-	-
Expiration of time restrictions	10,993	-	(10,993)	-	-
Total revenue, gains, and other support	<u>750,509</u>	<u>20,484</u>	<u>277,665</u>	<u>289,210</u>	<u>1,337,868</u>
<b>Expenses and losses</b>					
Management and general	122,703	-	-	-	122,703
College support	471,501	-	-	-	471,501
Student support	230,527	-	-	-	230,527
Fundraising	167,209	-	-	-	167,209
Total expenses	<u>991,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>991,940</u>
Change in net assets	(241,431)	20,484	277,665	289,210	345,928
Net assets at beginning of year	<u>1,432,829</u>	<u>613,554</u>	<u>2,427,301</u>	<u>6,560,616</u>	<u>11,034,300</u>
Net assets at end of year	<u>\$ 1,191,398</u>	<u>\$ 634,038</u>	<u>\$ 2,704,966</u>	<u>\$ 6,849,826</u>	<u>\$ 11,380,228</u>

*The accompanying notes are an integral part of these financial statements.*



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Midlands Technical College (the College), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Richland, Lexington, and Fairfield counties. Included in this range of programs are technical and occupational associate degree, diploma, and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services, and offerings to assist students in meeting their personal and professional educational objectives.

#### Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the reporting entity are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Midlands Technical College, as the reporting entity, Midlands Technical College Enterprise Campus Authority, and the accounts of the Midlands Technical College Foundation (the Foundation), its component unit. The College is reported as a discretely presented component unit in the State of South Carolina's Comprehensive Annual Financial Report. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by SC Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a component unit of Midlands Technical College. The Authority was established to provide for the management, development, and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast

Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission. The activity of the Authority is blended in the financial statements of the College.

The Midlands Technical College Foundation, Inc., (the Foundation) is a private not-for-profit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The 20-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College or its students by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

#### Financial Statements

The financial statements of the College and its blended component unit are presented in accordance with GASB Standards. The financial statement presentation required by these standards provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses, changes in net position, and cash flows.

The financial statements of the Midlands Technical College Foundation are presented in accordance with the accounting principles generally accepted in the United States of America for not-for-profit organizations as issued by the Financial Accounting Standards Board (FASB) through its Accounting Standards Codification. The Foundation's revenue and expenses are recognized as increases and decreases in one of three net asset classifications – unrestricted, temporarily restricted, and permanently restricted. Permanently restricted net assets consist of contributions and other inflows of assets whose use is limited in perpetuity by donor-imposed stipulations.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets consist of contributions and other transactions whose use is limited by time or purpose by donor-imposed stipulations. Unrestricted net assets are transactions that are neither temporarily nor permanently restricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Financial statements for the Foundation can be obtained by mailing a request to Midlands Technical College Foundation, PO Box 2408, Columbia, South Carolina 29202.

#### Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

The Foundation's statements are presented on the accrual basis of accounting in accordance with FASB pronouncements. Therefore, certain revenue recognition criteria and presentation features are different from GASB criteria and presentation features. No modifications have been made to the Foundation's financial statements included in the College's financial reporting entity for these differences.

#### Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates. Actual amounts may differ from the estimates used.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the South Carolina State Treasurer's Office are considered cash equivalents.

#### Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds." Governmental Accounting Standards require disclosures related to deposit risks, such as custodial credit risk; and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

#### Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges, certain state and local funding; and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

#### Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 or more and a useful life in excess of two years; depreciable land improvements, buildings and improvements; and intangible assets costing \$100,000 or more.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Routine repairs and maintenance and library materials, except individual items costing \$5,000 or more, are charged to operating expenses in the year in which the expense is incurred. Certain works of art are considered inexhaustible. These capital assets are not subject to depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. Effective July 1, 2012, the State of South Carolina adopted a monthly depreciation convention for the straight-line method. Under this convention, depreciation is recognized in the month of purchase on prorata basis of days placed in service. At the end of the life of the asset, a prorated amount of depreciation is recognized for the days within the month until the assets are removed from service.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Unearned Revenues and Deposits

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent student fee refunds and other miscellaneous deposits. Student deposits are recognized as

revenue during the semester for which the fee is applicable, and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

#### Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of current and long-term liabilities in the statement of net position and as a component of benefit expenses in the statement of revenues, expenses, and changes in net position.

#### Pension Liability

As required under Government Accounting Standards, the College recognizes in their financial statements their proportionate share of pension liability as a participant in the South Carolina Retirement Systems. See Note 6 for additional information.

#### Net Position

The College's net position is classified as follows:

- *Net investment in capital assets:* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted net position – expendable:* Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Restricted net position – non-expendable:* Non-expendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not currently report any net position in this classification.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Unrestricted net position:* Unrestricted net position represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

The College's policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

#### Income Taxes

The College is exempt from income taxes under the Internal Revenue Code.

#### Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or non-operating according to the following criteria:

- *Operating revenues and expenses:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake. Operating expenses include all expense transactions incurred other than those related to investing, non-capital, or non-capital financing activities.

- *Non-operating revenues and expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

#### Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional activities that incidentally create goods and services that may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the automotive and dental auxiliary departments.

#### Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstores, food services, the Authority facility rentals, and vending. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

#### Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, state or non-governmental programs are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

#### Capitalized Interest

The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College incurred \$773,073 of interest cost during the year ended June 30, 2017, all of which was expensed.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Discretely Presented Component Unit

What follows below are the more significant accounting policies of the College's Discretely Presented Component Unit (Midlands Technical College Foundation).

The financial statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting. Consequently, the net assets of the Foundation are reported as follows:

- *Unrestricted Undesignated* – Unrestricted Undesignated Net Assets are not subject to donor-imposed restrictions that will be met by actions of the Foundation and/or passage of time.
- *Unrestricted Designated* – Unrestricted Designated Net Assets are not subject to donor-imposed restrictions, but are subject to Foundation Board imposed stipulations.
- *Temporarily Restricted* – Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Permanently Restricted* – Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

*Revenue, Gains and Other Support and Expenses and Losses* – Revenues are reported as increases in the unrestricted net asset classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Increases in the allowance for uncollectible pledges are netted against contribution income. Expenses are reported

as decreases in unrestricted undesignated or unrestricted designated net asset as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net asset unless their use is restricted by explicit donor stipulation or by law.

*Donated Services, Goods, and Facilities* – A substantial number of volunteers have donated an undetermined number of hours to the Foundation's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. During the year ended June 30, 2017, the Foundation received in-kind contributions valued at approximately \$13,261. Substantially all contributions of equipment to the Foundation become property of the College upon receipt of the property from the donor. Accordingly, the Foundation records the contributions at their fair value with an offset to college support in these financial statements.

*Cash and Cash Equivalents* – Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days at the time of purchase.

*Investments* – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment in real estate held for sale is reported at the lower of cost or market. Securities or other investments donated are recorded at their market value at the date of the gift.

*Concentrations of Credit and Market Risk* – Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation has not experienced any losses on its cash equivalents. Management believes that the Foundation's investment portfolio is adequately diversified among issuers. In addition, management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines. Management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Income Taxes* – Midlands Technical College Foundation, Inc. has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code (the “IRC”).

However, it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending June 30, 2017, 2016, 2015, and 2014 are still open to audit for both federal and state purposes. The Foundation is not classified as a private foundation.

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### NOTE 2 – STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2017:

#### Non-Capital and State Capital Appropriations

##### Non-Capital Appropriations:

Appropriations per State Board allocation	\$ 15,398,653
Appropriations from SC Education Lottery Fund	904,270

##### Other:

Nursing Funding	370,943
Critical Needs Nursing Initiative	40,968
Pathways	37,784
QuickJobs	1,036,535
Critical Equipment	1,107,743
Total Non-Capital Appropriations	18,896,896

##### Capital Appropriations:

State Capital	528,836
Total Non-Capital and State Capital Appropriations	<u>\$ 19,425,732</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS

**Deposits** – Deposits include cash and cash equivalents on deposit in banks and are held by the State Treasurer. At year-end, the College's carrying amount of deposits with banks was \$9,894,927. The bank balances were \$9,223,725, of which \$6,889,441 was covered by FDIC insurance. The balance was collateralized with securities held by a third-party financial institution (as the College's agent) in the College's name. The State Treasurer held \$5,566,990 in its pooled cash funds in the College's name.

**Restricted Cash** – Restricted cash includes \$810,307 held for debt service reserve funds; \$4,313,260 held for maintenance, repair, and replacement; and \$443,423 for construction as required by bond indentures.

**Foreign Currency Risk** – Foreign currency risk is the risk that variances in exchange rates will adversely affect the fair value of a deposit. The College's policy is to not maintain deposits that are denominated in a currency other than the United States dollar, and therefore, is not exposed.

**Investments** – The College's investments at June 30, 2017, are *not* with the South Carolina State Treasurer's Office and are alternatively held by certain financial institutions in the College's name. The fair value of investments at June 30, 2017, consists solely of certificates of deposits or United States government-backed securities with maturities of one to three years. All of the securities for the reporting period were either fully collateralized or insured by the Federal Deposit Insurance Corporation.

**Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The College's investment policy limits its investments to the safest types of securities, and structures its investment portfolio so securities mature to meet cash requirements for ongoing operations, which therefore prevents the need to sell securities prior to maturity. The College monitors its investments periodically to ensure that the collateral exceeds the market value of investments.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy regarding credit risk of investments is that it only uses high-quality brokers and financial institutions to manage its investment portfolios. In addition, the College's investments include only obligations of the United States Government Sponsored Enterprise Debt.

All Agencies carry credit ratings of Moody's Aaa long term and P-1 short term and S&P is AA+ long term and A-1 short term. The Agencies strive to maintain the market perception of credit risk on par with that of the U.S. Government.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

**Credit Risk Concentration** – Investments by issuers are as follows:

	Fair Value	% of Investments
Freddie Mac Discount Note	\$ 12,462,044	22.4
Federal Farm Credit Bank	13,672,861	24.5
Federal Home Loan Bank	28,575,159	51.3
Fannie Mae	999,294	1.8
Total	\$ 55,709,358	100.0

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College's investment policy is to structure its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity.

	Total	Weighted Average Maturity	Weighted Average Days
Bonds	\$ 55,709,358	0.88%	544
Certificates of Deposits	6,639,440	0.84%	530
Total Investments	\$ 62,348,798	0.86%	537

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

#### College's Policy Regarding Custodial Risk and Interest Rate Risk for Investments

**Investment Risk** – The College's investment policy states that its primary objectives in priority order of investment activities shall be preservation of capital, liquidity, and yield. The College has no formal investment policy regarding custodial credit risk, although primary objectives are adhered to in accordance with management policy.

**Investment Pool** – The College has deposits of \$5,566,990 held as a part of the State of South Carolina Office of State

Treasurer Local Government Investment Pool. Deposit risk information relating to this investment pool may be obtained from the State of South Carolina's Comprehensive Annual Financial Report. Copies of this report may be obtained from the South Carolina Office of the Comptroller General, 1200 Senate Street, 305 Wade Hampton Office Building, Columbia, South Carolina 29201; or by visiting the Comptroller General's website at [www.cg.sc.gov](http://www.cg.sc.gov).

A reconciliation of the College's deposits and investments on its statement of net position to this footnote disclosure is as follows:

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#### STATEMENT OF NET POSITION:

Cash and cash equivalents	\$ 3,267,427
Restricted cash and cash equivalents	5,566,990
Short term investments	<u>62,348,798</u>
Total statement of net position	<u>\$ 71,183,215</u>

#### DEPOSITS AND INVESTMENTS NOTES:

Carrying value of deposits	\$ 9,894,927
Cash on hand	11,940
Held by State Treasurer	5,566,990
Investments	<u>55,709,358</u>
Total deposit and investments notes	<u>\$ 71,183,215</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 4 – RECEIVABLES

Accounts receivable as of June 30, 2017, including applicable allowances, were as follows:

<b>Receivables:</b>	
Student accounts	\$ 4,315,859
Company accounts	945,569
Federal grants and contracts	506,053
State grants and contracts	12,292
Local government	575
Other receivables	13,959
Less: Allowance for uncollectibles	<u>(1,388,000)</u>
Receivables, net	<u><u>\$ 4,406,307</u></u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

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### Contributions Receivable – Discretely Presented Component Unit

Unconditional promises to give as of June 30, 2017, are due as follows:

Within one year	\$ 946,084
One to five years	<u>1,252,676</u>
Total	2,198,760
Allowance for uncollectible pledges	(10,993)
Present value discount	<u>(144,387)</u>
Contributions receivable, net	<u><u>\$ 2,043,380</u></u>

The discount to net present value was calculated using the estimated earnings rate of 3.94% as of June 30, 2017.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 5 – CAPITAL ASSETS

	Beginning Balance July 1, 2016	Increases	Decreases	Ending Balance June 30, 2017
Capital assets not being depreciated:				
Land and improvements	\$ 5,365,017	\$ -	\$ -	\$ 5,365,017
Construction in progress	8,818,644	22,819	(8,818,644)	22,819
Non-depreciable intangibles	229,011	-	-	229,011
Works of art, historical treasures, and similar assets	95,346	-	-	95,346
Total capital assets not being depreciated	14,508,018	22,819	(8,818,644)	5,712,193
Other capital assets:				
Depreciable land improvements	10,112,223	-	-	10,112,223
Buildings and improvements	104,366,269	12,194,348	-	116,560,617
Machinery, equipment, and other	14,171,977	630,397	(721,096)	14,081,278
Vehicles	1,052,387	161,469	(113,573)	1,100,283
Depreciable intangibles	635,405	-	-	635,405
Total other capital assets at historical cost	130,338,261	12,986,214	(834,669)	142,489,806
Less accumulated depreciation for:				
Buildings and improvements	(38,204,952)	(2,758,931)	-	(40,963,883)
Machinery, equipment, and other	(11,729,943)	(1,376,633)	721,096	(12,385,480)
Vehicles	(888,526)	(81,095)	113,573	(856,048)
Depreciable land improvements	(6,232,705)	(440,797)	-	(6,673,502)
Intangibles	(635,405)	-	-	(635,405)
Total accumulated depreciation	(57,691,531)	(4,657,456)	834,669	(61,514,318)
Other capital assets, net	72,646,730	8,328,758	-	80,975,488
Capital assets, net	\$ 87,154,748	\$ 8,351,577	\$ (8,818,644)	\$ 86,687,681

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS

#### South Carolina Retirement System

The majority of employees of Midlands Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA). Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides lifetime monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, and incidental death benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, PO Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full-service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System on or after July 1, 2012 are considered Class III members and are eligible for a full-service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the member's age plus the years of service add up to a total of at least 90). The benefit formula for full-service retirement annuity effective since July 1, 1989 for the SCRS is 1.82% of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters, and termination pay for unused annual leave at retirement is not included. Early retirement options with

reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least five years of earned service (this requirement does not apply if the disability is a result of a job-related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have minimum of eight years of credited service. For disability applications received after December 31, 2014, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018, and a member's participation may not continue after this date.

Effective July 1, 2016, employees participating in the SCRS were required to contribute 8.66% of all earnable compensation. The employer contribution rate for SCRS was 16.89%. Included in the total SCRS employer contribution rate is a base retirement contribution of 11.41%, 0.15% for the incidental death program, and a 5.33% surcharge that will fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the years ended June 30, 2017, 2016, and 2015 were approximately \$4,715,720, \$4,288,757, and \$4,118,079, respectively, and equaled the base required retirement contribution rate, excluding retiree insurance surcharge and incidental death benefit program contributions of 11.91% for 2017, 10.91% for 2016, and 10.75% for 2015. Also, the College paid employer incidental death benefit program contributions of approximately \$61,995, \$58,965, and \$57,462, at the rate of 0.15% of compensation for the current fiscal years ended June 30, 2017, 2016, and 2015, respectively.

#### Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides for lifetime monthly annuity benefits as well as disability, survivor benefits, and incidental death benefits to eligible employees and retirees. In addition, participating employers in the PORS may elect to contribute to the accidental death program that provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are

independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full-service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full-service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits for the PORS is 2.14% of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2016, employees participating in the PORS were required to contribute 9.24% of all earnable compensation. The employer contribution rate for PORS was 19.57%. Included in the total PORS employer contribution rate is a base retirement contribution of 13.84%, 0.20% for the incidental death benefit program, 0.20% for the accidental death program, and a 5.33% surcharge that will fund retiree health and dental insurance coverage. The College's actual contributions to the PORS for the years ended June 30, 2017, 2016, and 2015 were approximately \$58,887, \$51,130, and \$46,328, respectively, and equaled the base retirement required contribution rate, excluding surcharge and death program contributions, of 13.84% for 2017, 13.34% for 2016 and 13.01% for 2015. The College also paid employer incidental death benefit program contributions of approximately \$851, \$767, and \$712, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2017, 2016, and 2015 respectively. In addition, the College paid accidental death program contributions of approximately \$851, \$767, and \$712, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2017, 2016, and 2015 respectively.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

#### Optional Retirement Program

As an alternative to membership in the SCRS, newly hired employees of the College may elect to participate in the State Optional Retirement Program (ORP), a defined contribution retirement plan. The ORP was established in 1987 under Title 9, Chapter 20, of South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for the State ORP plan other than for the employer's payment of contribution to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 11.56% plus the retiree surcharge of 5.33% from the employer in fiscal year 2017. Of the 11.56% employer retirement contribution rate, the employer remits 6.41% directly to the participant's ORP account, and the remaining 5.00% retirement contribution and 0.15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2017, total contributions requirements to the ORP were approximately \$351,382 (excluding the surcharge) from the College as employer and approximately \$474,722 from its employees as plan members. The amounts paid by the College for pension, incidental death program, and accidental death benefit program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rate to SCRS are actuarially determined.

While the surcharge to fund retiree health and dental insurance benefits is collected by the Retirement Benefits Division of PEBA, it is remitted to the Insurance Benefits Division of PEBA, which is responsible for administration of retiree health and dental insurance benefits and establishment of the applicable retiree insurance surcharge rate.

#### Net Pension Liability

At June 30, 2017, the College reported \$92,506,530 for its proportionate share of the net pension liabilities of SCRS and \$763,301 for PORS. The net pension liability defined of the SCRS and PORS defined benefit pension plan was determined based on the July 1, 2016 actuarial valuations, using membership data as of July 1, 2015, projected forward to June 30, 2016, and financial information of the pension trust funds as of June 30, 2016, using generally accepted actuarial procedures. The College's portion of the net pension liability was based on the College's share of contributions to the pension plans relative to the contributions of all participating entities. At June 30, 2016, the College's SCRS proportion was 0.433% and 0.030% for PORS. For the year ended June 30, 2017, the College recognized pension expense of \$3,158,225 for SCRS and \$37,432 for PORS.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

At June 30, 2017 the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows	Deferred Inflows	Net
Differences between expected and actual experience – SCRS	\$ 958,939	\$ (100,462)	\$ 858,477
Differences between expected and actual experience – PORS	11,325	-	11,325
Net differences between projected and actual investments earnings – SCRS	7,782,772	-	7,782,772
Net differences between projected and actual investments earnings – PORS	86,548	-	86,548
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions – SCRS	392,069	(378,653)	13,416
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions – PORS	48,624	-	48,624
Contributions made from measurement date to June 30, 2017 – SCRS	5,137,319	-	5,137,319
Contributions made from measurement date to June 30, 2017 – PORS	60,589	-	60,589
<b>Total</b>	<b>\$ 14,478,185</b>	<b>\$ (479,115)</b>	<b>\$ 13,999,070</b>

The College reported \$5,137,319 for SCRS and \$60,589 for PORS as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	SCRS	PORS	Net
2018	\$ (2,285,873)	\$ (37,485)	\$ (2,323,358)
2019	(1,784,638)	(36,902)	(1,821,540)
2020	(3,242,733)	(50,066)	(3,292,799)
2021	(1,341,411)	(22,054)	(1,363,465)
	<u>\$ (8,654,655)</u>	<u>\$ (146,507)</u>	<u>\$ (8,801,162)</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

The total pension liabilities in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate or Return <sup>1</sup>	7.5%	7.5%
Projected Salary Increases	3.5% to 12.5% (varies by service) <sup>1</sup>	4.0% to 10.0% (varies by service) <sup>1</sup>
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

<sup>1</sup> Includes inflation at 2.75%

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates that are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS and PORS are as follows.

Former Job Class	Males	Females
Educators	RP- 2,000 Males (with White Collar Adjustment) Multiplied by 110%	RP- 2,000 Females (with White Collar Adjustment) Multiplied by 95%
General Employees and Members of the General Assembly	RP- 2,000 Males multiplied by 100%	RP- 2,000 Females multiplied by 90%
Public Safety and Firefighters	RP- 2,000 Males (with Blue Collar Adjustment) multiplied by 115%	RP- 2,000 Females (with Blue Collar Adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital market outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 % real rate of return and a 2.75% inflation component.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>43.0%</b>		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
<b>Real Assets</b>	<b>8.0%</b>		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
<b>Opportunistic</b>	<b>20.0%</b>		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
<b>Diversified Credit</b>	<b>17.0%</b>		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

The discount rate used to measure the total pension liability was 7.50. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table represents the College's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.50%, as well as what the College's respective net pension liabilities would be if it were calculated using discount rate of 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

Plan	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
SCRS	\$ 115,399,364	\$ 92,506,530	\$ 73,449,109
PORS	1,000,372	763,301	550,249
Total	\$ 116,399,736	\$ 93,269,831	\$ 73,999,358



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

#### Deferred Compensation Plans

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employers plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina.

Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate state employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

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### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The College contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple-employer defined benefit postemployment healthcare, and long-term disability plans administered by the Insurance Benefits Division (IB), a part of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least 10 years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

#### Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.33% of annual covered payroll for 2017, 5.33% of annual covered payroll for 2016, and 5.00% of annual covered payroll for 2015. The IB sets the employer contribution rate based on a pay-as-you-go basis. The College paid approximately \$2,517,731, \$2,371,000 and \$2,167,401 included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2017 and 2016 and 2015, respectively; and equaled the required contributions of 11.41% for fiscal year 2017 (excluding the surcharge), and 10.91% for fiscal year 2016 (excluding the surcharge), and 10.75% for fiscal year 2015 (excluding the surcharge). BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2017 and 2016. The College recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$28,763 and \$26,156 for the years ended June 30, 2017 and 2016, respectively.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority-Insurance Benefits Division, PO Box 11960, Columbia, South Carolina 29211-1960.

#### Other Employee Benefits

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to all permanent full-time and certain permanent part-time employees of the College. These benefits are provided on a reimbursement basis by the employer agency based on rates established at the beginning of the service period by PEBA. The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$3,900,634 for the year ended June 30, 2017.

### NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of college management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2017, the College had remaining commitment balances of approximately \$113,790 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. Remaining commitment balances with certain parties related to these projects total \$7,909 at June 30, 2017.

The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and local appropriations. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 9 – LEASE OBLIGATIONS

#### Operating Leases

The College leases certain office equipment under operating leases with external parties. Future minimum payments under these non-cancelable leases are as follows:

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<u>Year Ended June 30,</u>	<u>Operating Leases with External Parties</u>
2018	\$ 58,547
2019	58,547
2020	56,276
2021	4,042
2022	4,042
Total Minimum Payments	<u>\$ 181,454</u>

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Operating lease payments disbursed to external parties during the fiscal year ended 2017 total \$145,698. The College's contingent rental payments were \$78,468 for copiers with expense determined on a cost-per-copy basis.

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### NOTE 10 – LINE OF CREDIT

The Commission authorized the administration to create a temporary line of credit not to exceed \$1,000,000 if needed to support the operations of the College. The line of credit was not used during the year. The College has a monthly line of credit in the purchasing card program of \$500,000 and an executive credit card line of credit of \$130,000.

### NOTE 11 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2017, are summarized as follows:

Accounts Payable	\$ 1,621,337
Employee Payable	11,941
Construction Payable	579,486
Retainage Payable	<u>108,484</u>
	<u>\$ 2,321,248</u>

Construction and Retainage payable are payables from restricted assets.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 12 – BONDS PAYABLE

Bonds and note payable consisted of the following at June 30, 2017:

	<b>Interest Rates</b>	<b>Original Balance</b>	<b>Final Maturity</b>	<b>Current Balance</b>
<b>General Obligation Bonds</b>				
Series 2016C	5.0%	\$ 8,765,000	04/01/2027	\$ 8,335,000
Series 2011C	2.0% to 5.0%	15,000,000	03/01/2031	11,450,000
<b>Total Bonds Payable</b>		<b>\$ 23,765,000</b>		<b>\$ 19,785,000</b>

General obligation bonds of the state are backed by the full faith, credit, and taxing power of the state. Tuition revenue is pledged up to the amount of annual debt requirements for the payment of principal and interest on general obligation bonds. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed 90% of the sums received from tuition and fees for the preceding fiscal year. Tuition bond fees for the preceding year are \$2,890,918, which results in a legal annual debt service at June 30, 2017, of \$2,601,826. The annual debt service payments for the fiscal year ended June 30, 2017, were \$2,226,071; all issues are subject to arbitrage regulations.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 12 – BONDS PAYABLE (continued)

The scheduled maturities of the bonds payable are as follows:

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2018	\$ 1,265,000	\$ 959,000	\$ 2,224,000
2019	1,315,000	908,350	2,223,350
2020	1,385,000	842,600	2,227,600
2021	1,450,000	773,350	2,223,350
2022	1,525,000	700,850	2,225,850
2023 – 2027	8,840,000	2,289,188	11,129,188
2028 – 2031	4,005,000	508,100	4,513,100
Total	<u>\$ 19,785,000</u>	<u>\$ 6,981,438</u>	<u>\$ 26,766,438</u>

### NOTE 13 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017, was as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due Within One Year</u>
Bonds Payable					
General obligation bonds	\$ 20,970,000	\$ -	\$ (1,185,000)	\$ 19,785,000	\$ 1,265,000
Unamortized bond premium	2,598,106	-	(235,095)	2,363,011	227,614
Total bonds payable	23,568,106	-	(1,420,095)	22,148,011	1,492,614
Accrued compensated absences	4,141,009	1,620,487	(2,310,456)	3,451,040	263,274
<b>Total Long-Term Liabilities</b>	<u>\$ 27,709,115</u>	<u>\$ 1,620,487</u>	<u>\$ (3,730,551)</u>	<u>\$ 25,599,051</u>	<u>\$ 1,755,888</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – DISCRETELY PRESENTED COMPONENT UNIT

At June 30, 2017, temporarily restricted net assets are available for the following specific program services:

Periods after June 30, 2017	\$ 43,394
Specific programs	<u>2,661,572</u>
	<u>\$ 2,704,966</u>

During the year, temporarily restricted net assets were released for satisfaction of the following restrictions:

Total program restrictions released	<u>\$ 285,466</u>
Time restrictions released	<u>\$ 10,993</u>

### NOTE 15 – PERMANENTLY RESTRICTED NET ASSETS DISCRETELY PRESENTED COMPONENT UNIT

Permanently restricted net assets of \$6,849,826 at June 30, 2017, are restricted to investment in perpetuity; the income from which is expendable to support the Foundation's objectives.

### NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. Financial statements for these entities are audited by independent auditors and retained by them. They include the Foundation and Enterprise Campus Authority. Management has reviewed its relationship with the Foundation. Because of the nature and

the significance of its relationship with the College, the Foundation is considered a component unit of the College.

Following is a more detailed discussion of the Foundation and a summary of significant transactions (if any) between the Foundation and the College for the year ended June 30, 2017.

#### The Midlands Technical College Foundation:

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the Foundation, scholarships for Midlands Technical College students, or other support of Midlands Technical College. The Foundation's activities are governed by its Board of Directors.

The Foundation exists to provide support of educational programs at Midlands Technical College. All of the Foundation's expenditures are for the operation of the Foundation, scholarships for Midlands Technical College students, or other support of Midlands Technical College. Midlands Technical College provides office space and support services to the Foundation at no cost. Total payments to the College for items such as salary supplements, legislative support, travel and other costs totaled \$471,501 during the 2017 fiscal year. Total payments to the College for items such as scholarships and grants, and other support for the students totaled \$230,527 during the 2017 fiscal year. Additionally, the Foundation paid the College a total of \$3,000 for administrative services during the year.

The Foundation's assets as of June 30, 2017, were \$11,414,632.

Amounts due from/to the Foundation as of June 30, 2017, are as follows:

Due from the Foundation \$34,404.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS (Continued)

#### The Midlands Technical College Enterprise Campus Authority:

The Midlands Technical College Enterprise Campus Authority (ECA), as described in Note 1, is a blended component unit and balances for the ECA are incorporated into these financial statements.

Condensed statement of net position as of June 30, 2017:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Primary Government
Current assets:			
Cash and cash equivalents	\$ 3,267,427	\$ -	\$ 3,267,427
Short-term investments	62,348,798	-	62,348,798
Accounts receivable, net	4,405,767	540	4,406,307
Internal balances	(1,250,226)	1,250,226	-
Other current assets	312,015	-	312,015
Total current assets	69,083,781	1,250,766	70,334,547
Non-current assets			
Capital assets, net of depreciation	79,895,580	6,792,101	86,687,681
Other non-current assets	5,566,990	-	5,566,990
Total non-current assets	85,462,570	6,792,101	92,254,671
Total assets	154,546,351	8,042,867	162,589,218
Deferred outflows of resources	14,746,749	-	14,746,749
Total assets and deferred outflows of resources	169,293,100	8,042,867	177,335,967
Current liabilities:			
Accounts payable	2,318,935	2,313	2,321,248
Unearned revenue	4,799,378	2,001	4,801,379
Other current liabilities	4,583,291	-	4,583,291
Total current liabilities	11,701,604	4,314	11,705,918
Non-current liabilities	117,112,994	-	117,112,994
Total liabilities	128,814,598	4,314	128,818,912
Deferred inflows of resources	479,115	-	479,115
Total liabilities and deferred inflows of resources	129,293,713	4,314	129,298,027
Net position:			
Net investment in capital assets	58,016,133	6,792,101	64,808,234
Restricted for expendable	55,281,935	-	55,281,935
Unrestricted	(73,298,681)	1,246,452	(72,052,229)
Total net position	\$ 39,999,387	\$ 8,038,553	\$ 48,037,940

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS (Continued)

Condensed statement of revenues, expenses, and changes in net position for the fiscal year ended June 30, 2017:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Primary Government
Operating revenues	\$ 53,259,121	\$ 94,295	\$ 53,353,416
Operating expenses			
Depreciation	4,479,159	178,297	4,657,456
Other expenses	106,393,038	132,470	106,525,508
Total operating expenses	110,872,197	310,767	111,182,964
Operating income (loss)	(57,613,076)	(216,472)	(57,829,548)
Nonoperating revenues (expenses)	51,127,873	-	51,127,873
Increase (decrease) in net position	(6,485,203)	(216,472)	(6,701,675)
Net position-beginning of year	46,484,590	8,255,025	54,739,615
Net position-end of year	\$ 39,999,387	\$ 8,038,553	\$ 48,037,940

Condensed statement of cash flows for the fiscal year ended June 30, 2017:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Primary Government
Net cash provided (used) by:			
Operating activities	\$ (49,775,966)	\$ 132,470	\$ (49,643,496)
Noncapital financing activities	48,267,786	-	48,267,786
Interfund activity	132,470	(132,470)	-
Capital and related financing activities	(3,148,392)	-	(3,148,392)
Investing activities	7,667,159	-	7,667,159
Net increase (decrease) in cash	3,143,057	-	3,143,057
Beginning cash and cash equivalent balances	5,691,360	-	5,691,360
Ending cash and cash equivalent balances	\$ 8,834,417	\$ -	\$ 8,834,417



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 17 – RISK MANAGEMENT

The College is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the infirmary

The combined insurance expense for the previously mentioned benefits and insurance for the last three years incurred at the College is as follows:

- 2015 \$4,439,336
- 2016 \$4,793,246
- 2017 \$5,044,441

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

### NOTE 18 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2017, are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation and Amortization	Total
Instructional	\$ 28,005,080	\$ 10,055,693	\$ -	\$ -	\$ 4,165,832	\$ -	\$ 42,226,605
Academic Support	5,814,302	2,122,161	-	-	2,350,283	-	10,286,746
Student Services	8,797,476	2,922,053	-	-	1,174,096	-	12,893,625
Plant Operations	2,232,454	1,436,807	-	2,338,004	6,696,394	-	12,703,659
Institutional Support	6,912,602	2,190,029	-	-	5,341,604	-	14,444,235
Scholarships	-	-	12,386,434	-	-	-	12,386,434
Auxiliary Enterprises	597,526	342,751	-	-	643,927	-	1,584,204
Depreciation	-	-	-	-	-	4,657,456	4,657,456
<b>Total</b>	<b>\$ 52,359,440</b>	<b>\$ 19,069,494</b>	<b>\$ 12,386,434</b>	<b>\$ 2,338,004</b>	<b>\$ 20,372,136</b>	<b>\$ 4,657,456</b>	<b>\$ 111,182,964</b>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 19 – TAX ABATEMENTS

Midlands Technical College's property tax revenues were reduced by \$517,091 and \$312,567 under agreements entered into by Lexington County and Richland County, respectively, as of June 30, 2017. The State of South Carolina reimbursed Lexington County \$9,820 of these property tax revenues, which Lexington County disbursed back to the College. See the charts below for further details:

Lexington County		State of South Carolina
Tax Abatement Program	Amount of Taxes Abated during the Fiscal Year	Revenue Reimbursement Amount
Fee-in-Lieu of Taxes Program (FILOT)	\$ 51,903	\$ 3,217
Fee-in-Lieu of Tax and Special Source Revenue Credit Program (FILOT+SSRC)	130,935	1,271
Infrastructure Program (IP)	118	-
Fee-in-Lieu of Tax and Infrastructure Program (FILOT+IP)	107,057	5,332
Special Source Revenue Credit and Infrastructure Program (SSRC+IP)	127	-
Fee-in-Lieu of Tax, Special Source Revenue Credit and Infrastructure Program (FILOT+SSRC+IP)	226,951	-
	<u>\$ 517,091</u>	<u>\$ 9,820</u>

Richland County	
	Amount of Taxes Abated during the Fiscal Year
Fee-in-Lieu of Taxes Program without Special Source Revenue Credits (FILOT-SSRC)	\$ 220,171
Fee-in-Lieu of Taxes Program and Special Source Revenue Credits (FILOT+SSRC)	60,720
Special Source Revenue Credits (SSRC)	11,962
Multi County Industrial Park (MCIP)	11,479
Economic Development	8,235
	<u>\$ 312,567</u>

### NOTE 20 – TRANSACTION WITH OTHER AGENCIES

The College had significant transactions with the State of South Carolina and various agencies. Services received at no cost from state agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services

from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 21 – FAIR VALUE

The College and the Foundation categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following levels of input for measurement of fair value have been defined to assist the user in evaluating the fair value disclosure information:

- Level 1 Quoted prices in an active market for identical assets or liabilities.
- Level 2 Other quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active for transactions or availability of information, other observable sources of information, and information derived principally from or corroborated from observable sources of information.
- Level 3 Unobservable sources of information, primarily management's assumptions about potential market participants.

- Contributions receivable- The fair value of promises to give that are due in one year or more is estimated by discounting the future cash flows using observable earnings rate.
- Short-term investments and investments in marketable securities- The fair value of investments are based on quoted market prices.
- Bonds payable- Fair value approximates carrying value since stated rates are similar to rates currently available for debt with similar terms and maturities.

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The College has the following recurring fair value measurements as of June 30, 2017:

	Level	Carrying Value	Fair Value
Short-term investments	1	\$ 62,348,798	\$ 62,348,798
Bonds payable	3	(22,148,011)	(22,148,011)

Changes in Level 3 fair value measurements were as follows:

	Bonds Payable
Ending balance – June 30, 2016	\$ 23,568,106
Principal payments	(1,420,095)
Ending balance – June 30, 2017	<u>\$ 22,148,011</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 21 – FAIR VALUE (Continued)

#### Discretely Presented Component Unit

The estimated fair values of the Foundation's financial instruments are as follows and are included in the statement of financial position under similar descriptions:

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	<u>Level</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Financial assets			
Investments in marketable securities	1	\$ 8,804,720	\$ 8,804,720
Contributions receivable	3	\$ 2,043,380	\$ 2,043,380

The Foundation recognized a decrease in the amount of \$678,277 in level 3 due to the decrease in contributions receivable during the year.

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### NOTE 22 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 21, 2017, which is the date the financial statements were available for issue.

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## **Required Supplemental Information**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA RETIREMENT SYSTEMS NET PENSION LIABILITIES Last Ten Fiscal Years\*

<b>South Carolina Retirement System (SCRS)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
College's proportion of net pension liability	0.4331%	0.4357%	0.4316%	0.4316%
College's proportionate share of the net pension liability	\$ 92,506,530	\$ 82,641,330	\$ 77,410,953	\$ 74,304,629
College's covered payroll	\$ 41,329,712	\$ 39,310,329	\$ 38,307,709	\$ 36,971,826
College's proportionate share of the net pension liability as a percentage of its covered payroll	223.83%	210.23%	202.08%	200.98%
Plan fiduciary net position as a percentage of the total pension liability	52.9%	57.0%	59.9%	56.4%

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<b>Police Officers Retirement System (PORS)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
College's proportion of net pension liability	0.0301%	0.0288%	0.0266%	0.0266%
College's proportionate share of the net pension liability	\$ 763,301	\$ 627,695	\$ 550,561	\$ 508,453
College's covered payroll	\$ 425,485	\$ 383,280	\$ 356,094	\$ 319,434
College's proportionate share of the net pension liability as a percentage of its covered payroll	179.38%	163.77%	154.61%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	60.4%	64.6%	59.9%	56.4%

*\*The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the College implemented GASB 68 during fiscal year 2015. As such, only the last four years of information is available.*



# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS Last Ten Fiscal Years

### South Carolina Retirement System (SCRS)

For the Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	College Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 4,715,720	\$ (4,715,720)	\$ -	\$ 41,329,712	11.41%
2016	4,288,757	(4,288,757)	-	39,310,329	10.91%
2015	4,118,079	(4,118,079)	-	38,307,709	10.75%
2014	3,863,556	(3,863,556)	-	36,971,826	10.45%
2013	3,694,563	(3,694,563)	-	35,354,673	10.45%
2012	3,128,448	(3,128,448)	-	33,334,559	9.39%
2011	3,193,295	(3,193,295)	-	34,559,475	9.24%
2010	2,771,512	(2,771,512)	-	29,994,714	9.24%
2009	3,056,676	(3,056,676)	-	33,080,913	9.24%
2008	2,975,357	(2,975,357)	-	32,840,581	9.06%

### Police Officers Retirement System (PORS)

For the Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	College Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 58,887	\$ (58,887)	\$ -	\$ 425,485	13.84%
2016	51,130	(51,130)	-	383,280	13.34%
2015	46,328	(46,328)	-	356,094	13.01%
2014	39,738	(39,738)	-	319,434	12.44%
2013	31,769	(31,769)	-	266,964	11.90%
2012	22,919	(22,919)	-	201,670	11.36%
2011	29,096	(29,096)	-	261,420	11.13%
2010	21,337	(21,337)	-	200,343	10.65%
2009	23,634	(23,634)	-	221,912	10.65%
2008	21,958	(21,958)	-	213,184	10.30%

# STATISTICAL SECTION

This section of the Midlands Technical College Comprehensive Annual Financial Report presents information that will assist in understanding the information in the financial statements, note disclosures, and the required supplementary information about the overall financial health of the College.

## **CONTENTS**

## **SCHEDULES**

### **Financial Trends**

**1 - 4**

The schedules in this section contain trend information to assist in understanding of how the College's financial performance and well-being have changed over time.

### **Revenue Capacity**

**5 - 8**

The schedules in this section contain information to assess the College's most significant revenue sources.

### **Debt Capacity**

**9 - 10**

The schedules in this section present information that assesses the affordability of the College's current levels of outstanding debt and the ability of the College to issue additional debt in future years.

### **Demographic and Economic Information**

**11 - 12**

The schedules in this section offer demographic and economic indicators to assist in understanding the environment within which the College's financial activities occur.

### **Operating Information**

**13 - 14**

The schedules in this section contain service and infrastructure data to assist in understanding how the information in the College's financial report relates to the services it provides and the activities it performs.

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## **Financial Trends**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF NET POSITION BY COMPONENT Fiscal Years 2008 - 2017

	For the Year Ended June 30,				
	2017	2016	2015	*2014	*2013
<b>Net Investment in capital assets</b>	\$ 64,808,234	\$ 63,896,096	\$ 57,352,248	\$ 52,497,784	\$ 52,728,938
Restricted for Expendable:					
Capital projects	42,982,479	49,779,931	57,842,571	65,337,108	64,126,456
Debt service	12,299,456	10,065,113	9,609,756	8,745,178	8,693,518
Unrestricted	(72,052,229)	(69,001,525)	(67,371,667)	7,097,021	6,934,039
<b>Total College net position</b>	<u>\$ 48,037,940</u>	<u>\$ 54,739,615</u>	<u>\$ 57,432,908</u>	<u>\$ 133,677,091</u>	<u>\$ 132,482,951</u>

	For the Year Ended June 30,				
	*2012	*2011	*2010	*2009	*2008
<b>Net Investment in capital assets</b>	\$ 49,180,406	\$ 44,494,581	\$ 44,208,837	\$ 43,628,532	\$ 43,701,689
Restricted for Expendable:					
Capital projects	66,404,436	59,870,645	46,261,014	34,405,115	29,572,710
Debt service	6,532,137	5,655,988	3,872,761	2,302,791	1,036,401
Unrestricted	6,879,099	6,577,063	6,637,926	5,069,251	5,347,917
<b>Total College net position</b>	<u>\$ 128,996,078</u>	<u>\$ 116,598,277</u>	<u>\$ 100,980,538</u>	<u>\$ 85,405,689</u>	<u>\$ 79,658,717</u>

Source: Midlands Technical College Audited Financial Statements

\*Note: The June 30, 2008 - 2014 figures have not been adjusted for the implementation of GASB 68 as this information is not available.

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF OTHER CHANGES IN NET POSITION Fiscal Years 2008 - 2017

### For the Year Ended June 30,

	2017	2016	2015	*2014	*2013
<b>Income Before Other Revenues,</b>					
<b>Expenses, Gains or Losses</b>	\$ (9,969,743)	\$ (5,904,626)	\$ (5,213,434)	\$ (1,632,734)	\$ 585,666
State capital appropriations	528,836	615,396	198,392	27,735	537,494
Local capital appropriations	2,554,970	2,421,425	2,362,880	2,389,914	2,327,645
Research University Infrastructure Bonds	-	-	19,685	37,026	9,897
Contributed capital assets	184,262	174,512	155,470	372,199	26,171
<b>Total increase (decrease) in net position</b>	<u>\$ (6,701,675)</u>	<u>\$ (2,693,293)</u>	<u>\$ (2,477,007)</u>	<u>\$ 1,194,140</u>	<u>\$ 3,486,873</u>

### For the Year Ended June 30,

	*2012	*2011	*2010	*2009	*2008
<b>Income Before Other Revenues,</b>					
<b>Expenses, Gains or Losses</b>	\$ 6,789,217	\$ 13,421,144	\$ 11,315,492	\$ 2,960,023	\$ 2,099,442
State capital appropriations	1,152,994	3,418	2,109,890	606,897	118,615
Local capital appropriations	4,129,952	2,193,177	2,065,651	2,077,644	2,008,293
Research University Infrastructure Bonds	30,743	-	54,082	37,409	657,051
Contributed capital assets	294,895	-	32,734	62,000	74,171
<b>Total increase (decrease) in net position</b>	<u>\$ 12,397,801</u>	<u>\$ 15,617,739</u>	<u>\$ 15,577,849</u>	<u>\$ 5,743,973</u>	<u>\$ 4,957,572</u>

Source: Midlands Technical College Audited Financial Statements

\*Note: The June 30, 2008 - 2014 figures have not been adjusted for the implementation of GASB 68 as this information is not available.

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY FUNCTION Fiscal Years 2008 - 2017

	For the Year Ended June 30,				
	2017	2016	2015	*2014	*2013
<b>Expenses:</b>					
Instruction	\$ 42,226,605	\$ 39,568,923	\$ 37,332,167	\$ 36,429,842	\$ 34,798,524
Academic Support	10,286,746	9,162,696	9,407,990	8,985,418	7,476,733
Student Services	12,893,625	12,846,164	12,764,467	11,954,018	11,093,180
Operation and Maintenance of Plant	12,703,659	11,983,192	10,335,871	9,712,593	11,693,667
Institutional Support	14,444,235	12,251,986	13,506,033	10,680,963	10,281,312
Scholarships	12,386,434	13,867,388	15,055,590	16,011,523	16,547,445
Auxiliary Enterprises	1,584,204	1,384,996	4,783,312	7,328,121	8,695,672
Depreciation and amortization	4,657,456	4,445,803	4,247,801	4,621,551	3,208,354
<b>Total Operating Expenses</b>	<b>111,182,964</b>	<b>105,511,148</b>	<b>107,433,231</b>	<b>105,724,029</b>	<b>103,794,887</b>
Interest on capital asset-related debt	773,073	1,009,590	1,033,908	1,222,969	850,118
<b>Total Expenses</b>	<b>\$ 111,956,037</b>	<b>\$ 106,520,738</b>	<b>\$ 108,467,139</b>	<b>\$ 106,946,998</b>	<b>\$104,645,005</b>

	For the Year Ended June 30, (percentage of total)				
	2017	2016	2015	*2014	*2013
<b>Expenses:</b>					
Instruction	37.7%	37.1%	34.4%	34.1%	33.3%
Academic Support	9.2%	8.6%	8.7%	8.4%	7.1%
Student Services	11.5%	12.1%	11.8%	11.2%	10.6%
Operation and Maintenance of Plant	11.3%	11.2%	9.5%	9.1%	11.2%
Institutional Support	12.9%	11.5%	12.4%	10.0%	9.8%
Scholarships	11.1%	13.0%	13.9%	15.0%	15.8%
Auxiliary Enterprises	1.4%	1.3%	4.4%	6.8%	8.3%
Depreciation and amortization	4.2%	4.2%	3.9%	4.3%	3.1%
<b>Total Operating Expenses</b>	<b>99.3%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>98.9%</b>	<b>99.2%</b>
Interest on capital asset-related debt	0.7%	1.0%	1.0%	1.1%	0.8%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

- Continued -

Source: Midlands Technical College Audited Financial Statements

Note: \*The June 30, 2008 - 2014 figures have not been adjusted for the implementation of GASB 68 as this information is not available.



# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY FUNCTION Fiscal Years 2008 – 2017 (Continued)

	For the Year Ended June 30,				
	*2012	*2011	*2010	*2009	*2008
<b>Expenses:</b>					
Instruction	\$ 33,140,850	\$ 31,565,974	\$ 31,659,503	\$ 32,518,891	\$ 31,780,470
Academic Support	6,862,681	6,871,478	6,564,331	6,457,966	7,361,904
Student Services	10,415,386	9,503,947	9,668,047	10,496,248	10,275,959
Operation and Maintenance of Plant	8,953,667	8,874,602	9,826,562	7,848,873	9,360,511
Institutional Support	8,232,320	8,083,095	6,407,241	6,947,251	7,964,836
Scholarships	16,809,935	16,298,147	14,856,332	10,805,481	9,143,361
Auxiliary Enterprises	8,738,133	8,471,850	8,752,164	8,214,863	7,120,754
Depreciation and amortization	3,128,168	3,162,951	3,480,213	2,946,028	2,825,469
<b>Total Operating Expenses</b>	<u>96,281,140</u>	<u>92,832,044</u>	<u>91,214,393</u>	<u>86,235,601</u>	<u>85,833,264</u>
Interest on capital asset-related debt	1,054,012	740,597	580,474	694,459	819,216
<b>Total Expenses</b>	<u>\$ 97,335,152</u>	<u>\$ 93,572,641</u>	<u>\$ 91,794,867</u>	<u>\$ 86,930,060</u>	<u>\$ 86,652,480</u>

	For the Year Ended June 30,				
	(percentage of total)				
	*2012	*2011	*2010	*2009	*2008
<b>Expenses:</b>					
Instruction	34.0%	33.7%	34.5%	37.4%	36.7%
Academic Support	7.1%	7.3%	7.2%	7.4%	8.5%
Student Services	10.7%	10.2%	10.5%	12.1%	11.9%
Operation and Maintenance of Plant	9.2%	9.5%	10.7%	9.0%	10.8%
Institutional Support	8.5%	8.6%	7.0%	8.1%	9.1%
Scholarships	17.2%	17.4%	16.2%	12.4%	10.6%
Auxiliary Enterprises	9.0%	9.1%	9.5%	9.4%	8.2%
Depreciation and amortization	3.2%	3.4%	3.8%	3.4%	3.3%
<b>Total Operating Expenses</b>	<u>98.9%</u>	<u>99.2%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>99.1%</u>
Interest on capital asset-related debt	1.1%	0.8%	0.6%	0.8%	0.9%
<b>Total Expenses</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Midlands Technical College Audited Financial Statements

Note: \*The June 30, 2008 - 2014 figures have not been adjusted for the implementation of GASB 68 as this information is not available.

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY USE Fiscal Years 2008 - 2017

	For the Year Ended June 30,				
	2017	2016	2015	*2014	*2013
<b>Expenses:</b>					
Salaries	\$ 52,359,440	\$ 50,418,321	\$ 49,117,417	\$ 47,363,980	\$ 44,959,110
Benefits	19,069,494	17,060,866	15,624,914	13,405,597	12,715,736
Scholarships	12,386,434	13,867,388	15,055,590	16,011,523	16,547,445
Utilities	2,338,004	2,301,819	2,256,536	2,277,366	2,158,908
Supplies and Other Services	20,372,136	17,416,951	21,130,973	22,044,012	24,205,334
Depreciation and amortization	4,657,456	4,445,803	4,247,801	4,621,551	3,208,354
<b>Total Operating Expenses</b>	<b>111,182,964</b>	<b>105,511,148</b>	<b>107,433,231</b>	<b>105,724,029</b>	<b>103,794,887</b>
Interest on capital asset-related debt	773,073	1,009,590	1,033,908	1,222,969	850,118
<b>Total Expenses</b>	<b>\$ 111,956,037</b>	<b>\$ 106,520,738</b>	<b>\$ 108,467,139</b>	<b>\$ 106,946,998</b>	<b>\$ 104,645,005</b>

	For the Year Ended June 30, (percentage of total)				
	2017	2016	2015	*2014	*2013
<b>Expenses:</b>					
Salaries	46.7%	47.3%	45.3%	44.3%	43.0%
Benefits	17.0%	16.0%	14.3%	12.5%	12.2%
Scholarships	11.1%	13.0%	13.9%	15.0%	15.8%
Utilities	2.1%	2.2%	2.1%	2.2%	2.0%
Supplies and Other Services	18.2%	16.4%	19.5%	20.6%	23.1%
Depreciation and amortization	4.2%	4.2%	3.9%	4.3%	3.1%
<b>Total Operating Expenses</b>	<b>99.3%</b>	<b>99.1%</b>	<b>99.0%</b>	<b>98.9%</b>	<b>99.2%</b>
Interest on capital asset-related debt	0.7%	0.9%	1.0%	1.1%	0.8%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

- Continued -

Source: Midlands Technical College Audited Financial Statements

\*Note: The June 30, 2008 - 2014 figures have not been adjusted for the implementation of GASB 68 as this information is not available.

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY USE Fiscal Years 2008 - 2017 (Continued)

	For the Year Ended June 30,				
	*2012	*2011	*2010	*2009	*2008
<b>Expenses:</b>					
Salaries	\$ 41,959,466	\$ 40,521,050	\$ 40,944,520	\$ 41,659,673	\$ 41,493,810
Benefits	11,156,998	10,813,160	10,400,461	10,716,789	10,668,545
Scholarships	16,809,935	16,298,147	14,856,351	10,806,293	9,146,725
Utilities	1,908,301	1,897,733	1,862,323	1,704,171	1,557,301
Supplies and Other Services	21,318,272	20,139,003	19,670,525	18,402,647	20,141,414
Depreciation and amortization	3,128,168	3,162,951	3,480,213	2,946,028	2,825,469
<b>Total Operating Expenses</b>	<b>96,281,140</b>	<b>92,832,044</b>	<b>91,214,393</b>	<b>86,235,601</b>	<b>85,833,264</b>
Interest on capital asset-related debt	1,054,012	740,597	580,474	694,459	819,216
<b>Total Expenses</b>	<b>\$ 97,335,152</b>	<b>\$ 93,572,641</b>	<b>\$ 91,794,867</b>	<b>\$ 86,930,060</b>	<b>\$ 86,652,480</b>

	For the Year Ended June 30, (percentage of total)				
	*2012	*2011	*2010	*2009	*2008
<b>Expenses:</b>					
Salaries	43.1%	44.3%	44.6%	47.9%	47.9%
Benefits	11.5%	11.6%	11.3%	12.3%	12.3%
Scholarships	17.3%	17.4%	16.2%	12.4%	10.6%
Utilities	2.0%	2.0%	2.0%	2.0%	1.8%
Supplies and Other Services	21.9%	21.5%	21.4%	21.2%	23.2%
Depreciation and amortization	3.2%	2.4%	3.8%	3.4%	3.3%
<b>Total Operating Expenses</b>	<b>99.0%</b>	<b>99.2%</b>	<b>99.3%</b>	<b>99.2%</b>	<b>99.1%</b>
Interest on capital asset-related debt	1.0%	0.8%	0.7%	0.8%	0.9%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Midlands Technical College Audited Financial Statements

\*Note: The June 30, 2008 - 2014 figures have not been adjusted for the implementation of GASB 68 as this information is not available.

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## **Revenue Capacity**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF REVENUES BY SOURCE Fiscal Years 2008 – 2017

	For the Year Ended June 30,				
	2017	2016	2015	2014	2013
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	\$ 32,254,325	\$ 31,767,771	\$ 31,718,289	\$ 33,811,937	\$ 33,794,392
Federal grants and contracts	6,314,707	4,866,429	5,948,479	4,360,298	3,989,733
State grants and contracts	12,313,470	12,384,489	11,795,174	11,484,830	11,508,569
Non-governmental grants and contracts	28,511	68,355	87,792	164,963	23,333
Sales and services	42,694	40,789	44,608	37,089	37,089
Auxiliary enterprises (net of book allowances)	1,363,015	1,446,420	3,343,765	5,518,854	6,653,893
Other operating revenues	1,036,694	1,061,287	1,077,926	1,003,535	1,097,921
<b>Total Operating Revenues</b>	<b>53,353,416</b>	<b>51,635,540</b>	<b>54,016,033</b>	<b>56,381,506</b>	<b>57,104,930</b>
State appropriations	18,896,896	17,105,945	15,734,384	15,182,000	13,764,914
Local appropriations	10,910,576	10,499,287	9,906,990	9,576,063	9,084,966
Investment income	318,800	441,118	263,444	185,848	291,393
Federal grants and contracts	18,506,606	20,934,222	23,332,854	23,988,847	24,984,468
State capital appropriations	528,836	615,396	198,392	27,735	537,494
Local capital appropriations	2,554,970	2,421,425	2,362,880	2,389,914	2,327,645
Capital asset contributions	184,262	174,512	155,470	372,199	26,171
Research university infrastructure bonds	-	-	19,685	37,026	9,897
Other	-	-	-	-	-
<b>Total Non-operating Revenues</b>	<b>51,900,946</b>	<b>52,191,905</b>	<b>51,974,099</b>	<b>51,759,632</b>	<b>51,026,948</b>
<b>Total Revenues</b>	<b>\$ 105,254,362</b>	<b>\$ 103,827,445</b>	<b>\$ 105,990,132</b>	<b>\$ 108,141,138</b>	<b>\$ 108,131,878</b>

	For the Year Ended June 30,				
	(percentage of total)				
	2017	2016	2015	2014	2013
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	30.6%	30.6%	29.9%	31.3%	31.3%
Federal grants and contracts	6.0%	4.7%	5.6%	4.0%	3.7%
State grants and contracts	11.7%	11.9%	11.1%	10.6%	10.6%
Non-governmental grants and contracts	-	0.1%	0.1%	0.2%	-
Sales and services	-	-	-	-	-
Auxiliary enterprises (net of book allowances)	1.3%	1.4%	3.2%	5.1%	6.2%
Other operating revenues	1.0%	1.0%	1.1%	0.9%	1.0%
<b>Total Operating Revenues</b>	<b>50.6%</b>	<b>49.7%</b>	<b>51.0%</b>	<b>52.1%</b>	<b>52.8%</b>
State appropriations	18.0%	16.5%	14.9%	14.0%	12.7%
Local appropriations	10.4%	10.1%	9.3%	8.9%	8.4%
Investment income	0.3%	0.4%	0.2%	0.2%	0.3%
Federal grants and contracts	17.6%	20.2%	22.1%	22.2%	23.1%
State capital appropriations	0.5%	0.6%	0.2%	-	0.5%
Local capital appropriations	2.4%	2.3%	2.2%	2.3%	2.2%
Capital contributions	0.2%	0.2%	0.1%	0.3%	-
Research university infrastructure bonds	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Non-operating Revenues</b>	<b>49.4%</b>	<b>50.3%</b>	<b>49.0%</b>	<b>47.9%</b>	<b>47.2%</b>
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

- Continued -

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF REVENUES BY SOURCE Fiscal Years 2008 – 2017 (Continued)

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	\$ 34,197,090	\$ 33,701,765	\$ 30,100,618	\$ 27,458,566	\$ 25,260,302
Federal grants and contracts	3,086,863	4,297,583	4,647,287	4,247,981	4,036,557
State grants and contracts	10,267,703	10,471,492	10,414,431	10,488,055	9,784,694
Non-governmental grants and contracts	34,181	21,035	24,297	50,495	23,312
Sales and services	41,724	50,674	57,263	49,404	47,920
Auxiliary enterprises (net of book allowances)	7,100,047	7,402,923	7,870,276	7,446,119	6,837,824
Other operating revenues	617,427	1,053,742	778,608	579,939	732,096
<b>Total Operating Revenues</b>	<b>55,345,035</b>	<b>56,999,214</b>	<b>53,892,780</b>	<b>50,320,559</b>	<b>46,722,705</b>
State appropriations	12,988,274	12,541,521	14,889,269	16,429,386	21,417,186
Local appropriations	8,691,390	8,501,897	8,249,216	8,007,084	7,550,862
Investment income	454,254	425,412	412,046	1,166,228	1,951,341
Federal grants and contracts	26,645,416	28,525,741	25,667,048	13,975,824	11,108,828
State capital appropriations	1,152,994	3,418	2,109,890	606,897	118,615
Local capital appropriations	4,129,952	2,193,177	2,065,651	2,077,644	2,008,293
Capital asset contributions	294,895	-	32,734	62,000	74,171
Research university infrastructure bonds	30,743	-	54,082	37,409	657,051
Other	-	-	-	-	1,000
<b>Total Non-operation Revenues</b>	<b>54,387,918</b>	<b>52,191,166</b>	<b>53,479,936</b>	<b>42,362,472</b>	<b>44,887,347</b>
<b>Total Revenues</b>	<b>\$ 109,732,953</b>	<b>\$ 109,190,380</b>	<b>\$ 107,372,716</b>	<b>\$ 92,683,031</b>	<b>\$ 91,610,052</b>

	For the Year Ended June 30,				
	(percentage of total)				
	2012	2011	2010	2009	2008
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	31.2%	30.9%	28.0%	29.6%	27.6%
Federal grants and contracts	2.8%	3.9%	4.3%	4.6%	4.3%
State grants and contracts	9.4%	9.7%	9.7%	11.3%	10.7%
Non-governmental grants and contracts	-	-	-	0.1%	-
Sales and services	-	-	0.1%	0.1%	0.1%
Auxiliary enterprises (net of book allowances)	6.5%	6.8%	7.3%	8.0%	7.5%
Other operating revenues	0.5%	1.0%	0.7%	0.6%	0.8%
<b>Total Operating Revenues</b>	<b>50.4%</b>	<b>52.3%</b>	<b>50.1%</b>	<b>54.3%</b>	<b>51.0%</b>
State appropriations	11.8%	11.4%	13.9%	17.7%	23.4%
Local appropriations	7.9%	7.8%	7.7%	8.6%	8.2%
Investment income	0.4%	0.4%	0.4%	1.3%	2.1%
Federal grants and contracts	24.3%	26.1%	23.9%	15.1%	12.2%
State capital appropriations	1.1%	-	2.0%	0.7%	0.1%
Local capital appropriations	3.8%	2.0%	1.9%	2.2%	2.2%
Capital contributions	0.3%	-	-	0.1%	0.1%
Research university infrastructure bonds	-	-	0.1%	-	0.7%
Other	-	-	-	-	-
<b>Total Non-operation Revenues</b>	<b>49.6%</b>	<b>47.7%</b>	<b>49.9%</b>	<b>45.7%</b>	<b>49.0%</b>
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Midlands Technical College Audited Financial Statements

# ANNUAL TUITION AND FEES

## SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – IN STATE Last Ten Academic Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Technical Colleges</b>										
<b>In-County</b>										
Aiken	\$ 4,348	\$ 4,262	\$ 4,098	\$ 3,972	\$ 3,866	\$ 3,722	\$ 3,706	\$ 3,626	\$ 3,506	\$ 3,298
Central Carolina	\$ 4,320	\$ 4,200	\$ 3,840	\$ 3,720	\$ 3,584	\$ 3,476	\$ 3,380	\$ 3,308	\$ 3,020	\$ 2,920
Denmark	\$ 3,787	\$ 3,580	\$ 2,624	\$ 2,568	\$ 2,568	\$ 2,500	\$ 2,500	\$ 2,492	\$ 2,378	\$ 2,278
Florence-Darlington	\$ 4,174	\$ 4,078	\$ 3,958	\$ 3,886	\$ 3,766	\$ 3,658	\$ 3,526	\$ 3,302	\$ 3,190	\$ 3,190
Greenville	\$ 4,326	\$ 4,224	\$ 4,094	\$ 3,974	\$ 3,866	\$ 3,748	\$ 3,616	\$ 3,492	\$ 3,396	\$ 3,290
Horry-Georgetown	\$ 4,036	\$ 3,960	\$ 3,854	\$ 3,590	\$ 3,530	\$ 3,530	\$ 3,357	\$ 3,206	\$ 3,194	\$ 3,114
Midlands	\$ 4,064	\$ 3,988	\$ 3,888	\$ 3,838	\$ 3,788	\$ 3,706	\$ 3,608	\$ 3,608	\$ 3,360	\$ 3,244
Northeastern TC	\$ 4,090	\$ 3,846	\$ 3,726	\$ 3,630	\$ 3,534	\$ 3,438	\$ 3,342	\$ 3,342	\$ 3,270	\$ 2,982
Orangeburg-Calhoun	\$ 4,130	\$ 4,010	\$ 3,890	\$ 3,770	\$ 3,650	\$ 3,554	\$ 3,434	\$ 3,218	\$ 3,048	\$ 2,832
Piedmont	\$ 4,228	\$ 4,084	\$ 3,958	\$ 3,850	\$ 3,714	\$ 3,572	\$ 3,540	\$ 3,334	\$ 3,076	\$ 3,076
Spartanburg	\$ 4,300	\$ 4,192	\$ 4,064	\$ 3,940	\$ 3,820	\$ 3,740	\$ 3,576	\$ 3,434	\$ 3,314	\$ 3,194
TC of the Lowcountry	\$ 4,276	\$ 4,180	\$ 4,060	\$ 3,940	\$ 3,722	\$ 3,676	\$ 3,556	\$ 3,382	\$ 3,270	\$ 3,150
Tri-County	\$ 4,050	\$ 3,967	\$ 3,852	\$ 3,744	\$ 3,648	\$ 3,570	\$ 3,465	\$ 3,168	\$ 3,060	\$ 2,976
Trident	\$ 4,156	\$ 4,070	\$ 3,942	\$ 3,823	\$ 3,712	\$ 3,600	\$ 3,530	\$ 3,450	\$ 3,330	\$ 3,220
Williamsburg	\$ 4,080	\$ 4,008	\$ 3,756	\$ 3,650	\$ 3,540	\$ 3,438	\$ 3,264	\$ 3,042	\$ 2,942	\$ 2,830
York	\$ 4,056	\$ 3,960	\$ 3,840	\$ 3,744	\$ 3,712	\$ 3,628	\$ 3,496	\$ 3,352	\$ 3,244	\$ 3,124
<b>Two-Year Regional Campus of USC</b>										
<b>In State</b>										
USC - Lancaster	\$ 7,232	\$ 7,008	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868
USC - Salkehatchie	\$ 7,233	\$ 6,918	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868
USC - Sumter	\$ 7,152	\$ 6,928	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868
USC - Union	\$ 7,132	\$ 6,908	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868

Source: South Carolina Commission on Higher Education



# ANNUAL TUITION AND FEES

## SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – OUT OF STATE

Last Ten Academic Years  
(Continued)

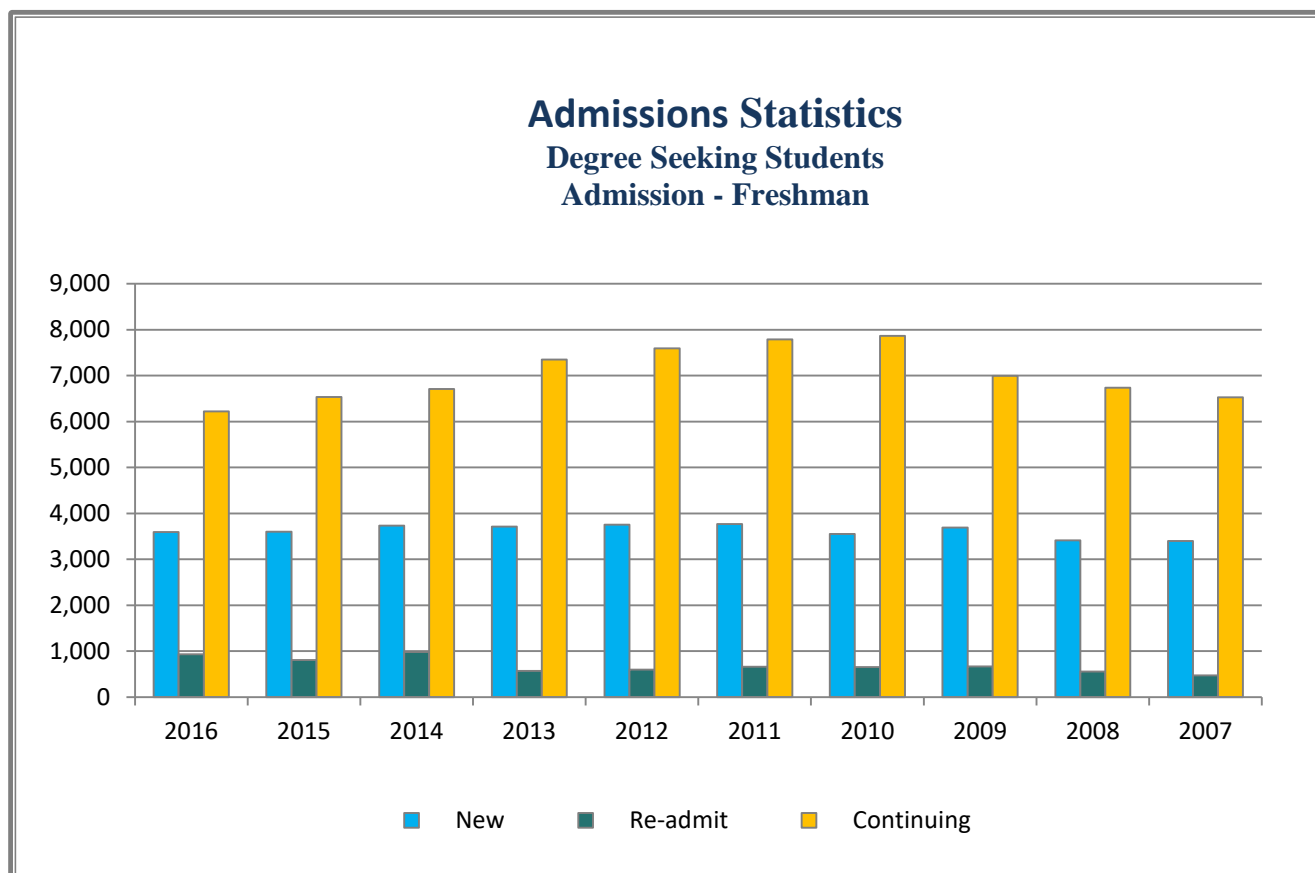
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Technical Colleges</b>										
<b>Out of State</b>										
Aiken	\$ 6,638	\$ 6,496	\$ 10,178	\$ 10,130	\$ 10,130	\$ 10,130	\$ 10,130	\$ 10,130	\$ 9,794	\$ 9,222
Central Carolina	\$ 7,200	\$ 6,768	\$ 6,624	\$ 6,432	\$ 6,232	\$ 6,042	\$ 5,872	\$ 5,744	\$ 5,372	\$ 5,156
Denmark	\$ 6,458	\$ 5,542	\$ 5,048	\$ 4,920	\$ 4,920	\$ 4,780	\$ 4,780	\$ 4,676	\$ 4,466	\$ 4,366
Florence-Darlington	\$ 6,262	\$ 6,166	\$ 6,046	\$ 5,982	\$ 5,862	\$ 5,754	\$ 5,622	\$ 5,398	\$ 5,286	\$ 5,286
Greenville	\$ 8,550	\$ 8,448	\$ 8,438	\$ 8,150	\$ 7,910	\$ 7,660	\$ 7,372	\$ 7,116	\$ 6,912	\$ 6,698
Horry-Georgetown	\$ 7,948	\$ 6,918	\$ 6,726	\$ 6,294	\$ 5,794	\$ 5,794	\$ 5,354	\$ 5,046	\$ 5,034	\$ 4,914
Midlands	\$ 11,744	\$ 11,524	\$ 11,232	\$ 11,086	\$ 10,940	\$ 10,714	\$ 10,640	\$ 10,474	\$ 9,840	\$ 9,532
Northeastern TC	\$ 6,802	\$ 6,462	\$ 6,342	\$ 6,174	\$ 6,078	\$ 5,982	\$ 5,886	\$ 5,886	\$ 5,886	\$ 5,454
Orangeburg-Calhoun	\$ 6,890	\$ 6,746	\$ 6,602	\$ 6,458	\$ 6,218	\$ 6,218	\$ 6,218	\$ 6,218	\$ 4,488	\$ 4,464
Piedmont	\$ 6,148	\$ 5,836	\$ 5,710	\$ 5,458	\$ 5,322	\$ 5,180	\$ 5,148	\$ 4,942	\$ 4,684	\$ 4,684
Spartanburg	\$ 8,692	\$ 8,472	\$ 8,208	\$ 7,956	\$ 7,716	\$ 7,616	\$ 7,338	\$ 7,196	\$ 7,048	\$ 6,110
TC of the Lowcountry	\$ 9,268	\$ 9,076	\$ 8,812	\$ 8,548	\$ 8,212	\$ 8,020	\$ 7,760	\$ 7,436	\$ 7,082	\$ 6,912
Tri-County	\$ 9,042	\$ 8,815	\$ 8,568	\$ 8,328	\$ 8,124	\$ 7,944	\$ 7,767	\$ 7,032	\$ 6,786	\$ 6,594
Trident	\$ 7,838	\$ 7,676	\$ 7,434	\$ 7,209	\$ 7,000	\$ 6,814	\$ 6,682	\$ 6,532	\$ 6,308	\$ 6,100
Williamsburg	\$ 7,752	\$ 7,608	\$ 7,260	\$ 7,056	\$ 6,840	\$ 6,642	\$ 6,282	\$ 5,850	\$ 5,642	\$ 5,292
York	\$ 9,240	\$ 9,024	\$ 8,736	\$ 8,520	\$ 8,392	\$ 8,176	\$ 7,864	\$ 7,528	\$ 7,288	\$ 7,000
<b>Two-Year Regional Campuses of USC</b>										
<b>Out of State</b>										
USC - Lancaster	\$ 17,264	\$ 16,728	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780
USC - Salkehatchie	\$ 17,265	\$ 16,638	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780
USC - Sumter	\$ 17,184	\$ 16,648	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780
USC - Union	\$ 17,164	\$ 16,628	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780

Source: South Carolina Commission on Higher Education

# MIDLANDS TECHNICAL COLLEGE

## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS Last Ten Academic Years

	Academic Year Beginning in Fall									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Degree Seeking Students</b>										
<b>Admissions - Freshmen</b>										
New	3,593	3,599	3,734	3,713	3,595	3,772	3,552	3,827	3,583	3,402
Re-admit	936	809	981	572	600	659	657	693	584	472
Continuing	6,220	6,538	6,709	7,349	7,754	7,793	7,869	7,370	7,067	6,832
<b>Total</b>	<b>10,749</b>	<b>10,946</b>	<b>11,424</b>	<b>11,634</b>	<b>11,949</b>	<b>12,224</b>	<b>12,078</b>	<b>11,890</b>	<b>11,234</b>	<b>10,706</b>



– Continued –

**Notes:**

Midlands Technical College has an open enrollment policy.  
All figures are unduplicated unless otherwise stated.

# MIDLANDS TECHNICAL COLLEGE

## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS Last Ten Academic Years (Continued)

	Academic Year Beginning in Fall									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Enrollment (Credit Programs Only)</b>										
Undergraduate FTE	7,713	8,075	8,383	8,585	8,916	9,209	9,274	9,306	8,520	8,005
Undergraduate headcount	14,389	15,072	15,721	16,109	16,946	17,486	17,355	17,440	16,490	15,602
Percentage of men	39%	40%	41%	41%	40%	39%	39%	39%	38%	38%
Percentage of women	61%	60%	59%	59%	60%	61%	61%	61%	62%	62%
Percentage of African-American	36%	37%	37%	37%	38%	38%	36%	37%	36%	35%
Percentage of Hispanic	4%	4%	3%	3%	3%	2%	2%	2%	2%	2%
Percentage of white	48%	50%	51%	52%	52%	53%	55%	54%	54%	56%
Percentage of other	12%	9%	8%	8%	7%	7%	7%	7%	7%	6%
<b>Degrees Granted</b>										
Associate Degree	1,056	993	1,067	1,089	1,144	1,006	917	922	905	824
Diploma	92	91	90	71	111	76	87	126	116	80
Certificate	829	903	909	775	906	832	782	724	683	679
Total Awarded	1,977	1,987	2,066	1,935	2,161	1,914	1,786	1,772	1,704	1,583

**Notes:**

*Midlands Technical College has an open enrollment policy.  
All figures are unduplicated unless otherwise stated.*

# MIDLANDS TECHNICAL COLLEGE

## CREDIT STUDENT ENROLLMENT PERCENTAGES BY COUNTY Last Ten Fall Terms

### Historic County of Residence

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Richland	47%	49%	49%	49%	49%	48%	48%	47%	47%	47%
Lexington	34%	33%	33%	34%	34%	35%	35%	34%	34%	35%
Fairfield	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other	17%	16%	16%	15%	15%	15%	15%	17%	17%	16%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

### Historic Campus of Attendance\*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Airport	51%	49%	48%	49%	49%	48%	49%	49%	50%	51%
Beltline	33%	36%	37%	37%	39%	40%	40%	40%	39%	39%
Other	16%	15%	15%	14%	12%	12%	11%	11%	11%	10%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

### Historic Average Age

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Average Age	25	25	25	26	26	26	26	26	26	26

*\*Note: Does not include Harbison Campus, which offers continuing education courses only  
Source: Midlands Technical College Student Information System database*

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## **Debt Capacity**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT AND NOTE PAYABLE Last Ten Fiscal Years

	For the Year Ended June 30,				
	2017	2016	2015	2014	2013
General obligation bonds*	\$ 19,785	\$ 20,970	\$ 25,235	\$ 26,595	\$ 27,920
Unamortized bond premium	2,363	2,598	691	736	781
Note Payable	-	-	-	-	-
Total Outstanding debt	<u>\$ 22,148</u>	<u>\$ 23,568</u>	<u>\$ 25,926</u>	<u>\$ 27,331</u>	<u>\$ 28,701</u>
Full-time equivalent students					
Credit	7,713	8,075	8,383	8,585	8,916
Corporate and Continuing Education	859	861	803	738	781
Total enrollment	<u>8,572</u>	<u>8,936</u>	<u>9,186</u>	<u>9,323</u>	<u>9,697</u>
Outstanding debt per FTE	\$ 2,584	\$ 2,637	\$ 2,822	\$ 2,932	\$ 2,960

- Continued -

Note: Corporate and Continuing Education contact hours converted to full-time equivalent enrollment

Source: Midlands Technical College Comprehensive Annual Financial Reports  
Formula Computation Allocation Worksheet provided by the System Office for years presented

\*Dollars in thousands



# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT AND NOTE PAYABLE Last Ten Fiscal Years (Continued)

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
General obligation bonds*	\$ 29,205	\$ 30,460	\$ 16,110	\$ 16,735	\$ 17,335
Unamortized bond premium	826	871	76	80	85
Note Payable	30	41	-	64	126
Total Outstanding debt	<u>\$ 30,061</u>	<u>\$ 31,372</u>	<u>\$ 16,186</u>	<u>\$ 16,879</u>	<u>\$ 17,546</u>
Full-time equivalent students					
Credit	9,209	9,274	8,386	7,846	7,775
Corporate and Continuing Education	878	920	727	667	649
Total enrollment	<u>10,087</u>	<u>10,194</u>	<u>9,113</u>	<u>8,513</u>	<u>8,424</u>
Outstanding debt per FTE	\$ 2,980	\$ 2,822	\$ 1,776	\$ 1,983	\$ 2,083

Note: Corporate and Continuing Education contact hours converted to full-time equivalent enrollment

Source: Midlands Technical College Comprehensive Annual Financial Reports  
Formula Computation Allocation Worksheet provided by the System Office for years presented

\*Dollars in thousands

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF BOND COVERAGE Last Ten Fiscal Years

### General Obligation Bonds

Fiscal Year Ended June 30,	Budgeted Capital Fees	Debt Service Requirements				Coverage Ratio
		Total Revenue Available for Debt Service	Principal	Interest	Total	
2017	\$ 2,890,918	\$ 2,890,918	\$ 1,185,000	\$ 1,041,071	\$ 2,226,071	1.30
2016	2,890,918	2,890,918	1,405,000	927,433	2,332,433	1.24
2015	2,890,918	2,890,918	1,360,000	1,164,090	2,524,090	1.15
2014	2,890,918	2,890,918	1,325,000	1,213,780	2,538,780	1.14
2013	2,890,918	2,890,918	1,285,000	1,257,430	2,542,430	1.14
2012	2,890,918	2,890,918	1,255,000	1,298,260	2,553,260	1.13
2011	1,850,025	1,850,025	650,000	691,785	1,341,785	1.38
2010	1,347,947	1,347,947	625,000	717,630	1,342,630	1.00
2009	1,347,947	1,347,947	600,000	742,299	1,342,299	1.34
2008	1,800,000	1,800,000	575,000	764,843	1,339,843	2.32

Source: Midlands Technical College Finance and Accounting Office

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## **Demographic and Economic Information**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

	<u>Population in College's Service Area <sup>a</sup></u>			<u>Total Annual Personal Income</u>				<u>Unemployment Rate</u>			
	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>South Carolina</u>	<u>Richland <sup>c</sup></u>	<u>Lexington <sup>c</sup></u>	<u>Fairfield <sup>c</sup></u>	<u>South Carolina <sup>d</sup></u>
2016	409,549	286,196	22,653	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>	4.70%	4.00%	7.00%	4.80%
2015	407,051	281,833	22,744	41,025	41,764	33,633	38,302	5.70%	4.80%	8.00%	6.00%
2014	401,566	277,888	22,976	38,811	39,935	31,449	36,677	6.00%	5.10%	8.60%	6.40%
2013	399,256	273,752	23,109	38,346	37,956	29,500	35,831	7.20%	5.80%	9.40%	7.60%
2012	389,347	270,406	23,363	38,195	37,224	29,271	34,226	8.40%	6.90%	12.00%	9.60%
2011	389,116	267,129	23,571	36,647	35,211	27,062	33,388	9.20%	7.80%	12.40%	10.70%
2010	374,922	258,887	33,991	35,018 <sup>e</sup>	34,313 <sup>e</sup>	26,703 <sup>e</sup>	32,193 <sup>e</sup>	9.60%	8.10%	13.40%	11.20%
2009	372,023	255,607	23,343	36,302	33,996	27,395	31,799	9.60%	8.40%	13.40%	11.70%
2008	364,007	248,518	23,435	36,006	35,960	27,263	31,884	6.10%	4.90%	10.80%	6.90%
2007	357,734	243,270	23,333	34,434	34,744	25,725	31,103	5.50%	4.40%	8.60%	5.90%

### Sources:

<sup>a</sup> South Carolina Department of Employment & Workforce

<sup>b</sup> Data not available for 2016

<sup>c</sup> U.S. Department of Labor, Bureau of Labor Statistics, County Data

<sup>d</sup> U.S. Census Bureau, Statistical Abstract of the United States

<sup>e</sup> 2010 SC PCPI Source – Bureau of Business & Economic Research, CA1-3 Personal income summary.

# MIDLANDS TECHNICAL COLLEGE

## PRINCIPAL EMPLOYERS BY COUNTY

June 30, 2017

County		
Richland	Lexington	Fairfield <sup>1</sup>
Allied Barton Security Services, LLC	Akebono Corporation North America	Bomag Americas, Inc.
BlueCross BlueShield of SC	Amazon.com, DEDC, LLC	Breakthru Beverage South Carolina
City of Columbia	Babcock Center, Inc.	Element TV Company
Department of Defense	House of Raeford Farms, Inc.	Fairfield County Council
Palmetto GBA, LLC	Integrity Staffing Solutions, Inc.	Fairfield County School District
Palmetto Health	Lexington County Government	Fairfield Memorial Hospital
Providence Hospital, LLC	Lexington County Health Services District	Flour Daniel Maintenance Services
Richland County	Lexington County School District 1	Flour Enterprises, Inc.
Richland School District 1	Lexington County School District 2	G4S Secure Solutions USA, Inc.
Richland School District 2	Lexington County School District 5	Isola USA Corp
SC Dept of Corrections	Michelin North America, Inc.	Mekra Land North America, LLC
SC Dept of Mental Health	Publix Super Markets, Inc.	Palmetto State Armory, LLC
SC Dept of Transportation	Richland County Commission for Technology	Performance Fibers, Inc.
SC Health & Environmental Control	SCANA Services, Inc.	Pruitthealth Ridgeway, LLC
State Department of Social Services	SC Electric & Gas Company	Saulsbury Industries, Inc.
TWC Administration, LLC	Southeastern Freight Lines, Inc.	SCANA Services, Inc.
University of South Carolina	Teleperformance USA, Inc.	SC Electric & Gas Company
US Postal Service	Time Warner Entertainment Advance	Stone & Webster Services, LLC
Wal-Mart Associates, Inc.	United Parcel Service	The Blythewood Oil Company, Inc.
WJBD VA Medical Center	Wal-Mart Associates, Inc.	Winnsboro Petroleum Company, Inc.

*Note: Due to confidentiality issues, the number of employees for each company is not available. The employers are listed alphabetically and not in order of size.*

*Source: South Carolina Department of Employment & Workforce – 2016 Q4*

<sup>1</sup> – Fairfield Economic Development

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## **Operating Information**

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**MIDLANDS TECHNICAL COLLEGE**

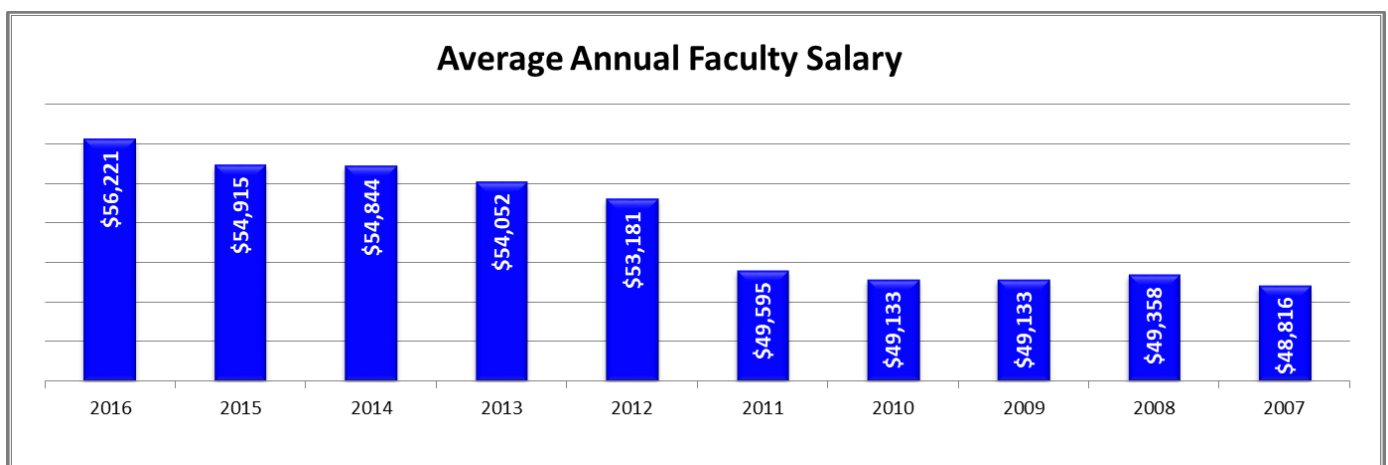
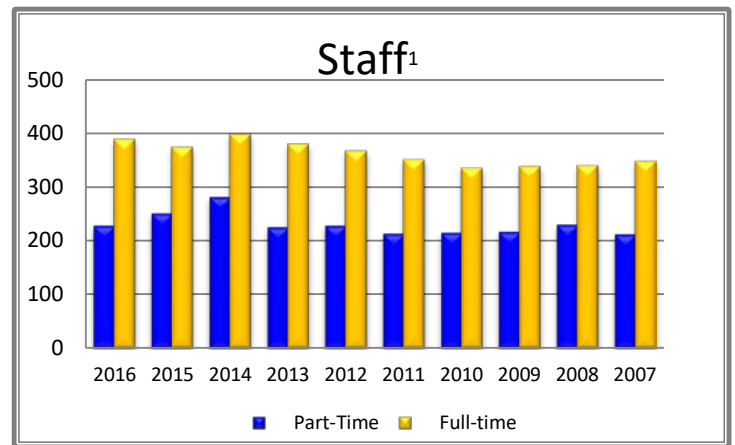
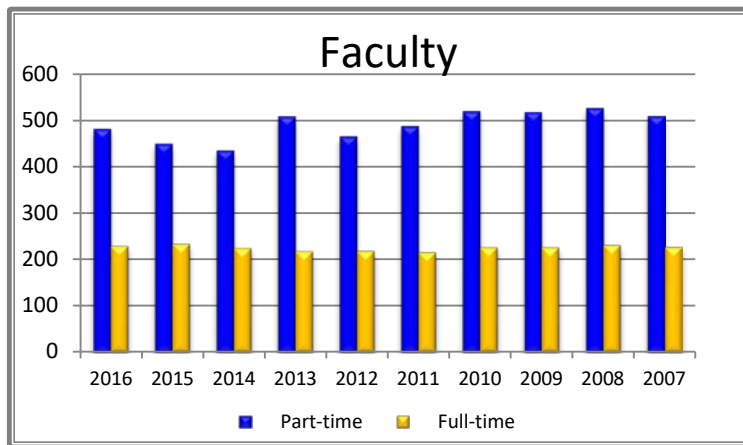


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# MIDLANDS TECHNICAL COLLEGE

## FACULTY AND STAFF STATISTICS Last Ten Fiscal Years<sup>2</sup>

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty										
Part-time	481	449	435	508	465	487	519	517	526	509
Full-time	227	232	223	216	217	214	224	224	229	225
Staff <sup>1</sup>										
Part-time	228	251	281	225	228	213	215	217	230	212
Full-time	390	375	399	381	368	352	336	339	341	349
Total Employees	1,326	1,307	1,338	1,330	1,278	1,266	1,294	1,297	1,326	1,295
Part-time	709	700	716	733	693	700	734	734	756	721
Full-time	617	607	622	597	585	566	560	563	570	574
Average Annual Faculty Salary	\$56,221	\$54,915	\$54,844	\$54,052	\$53,181	\$49,595	\$49,133	\$49,133	\$49,358	\$48,816



Source: Integrated Postsecondary Education Data System (IPEDS) data for years indicated

Note: <sup>1</sup> Includes administrators

Note: <sup>2</sup> 2017 data not available

**Schedule 14**

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION Last Ten Fiscal Years<sup>1</sup>

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Instruction</b>										
Assignable Square Feet	423,689	403,341	402,931	372,815	352,788	348,678	342,550	330,758	330,442	327,371
Percent Use	60.27%	59.38%	59.36%	57.83%	56.49%	56.21%	55.77%	55.05%	55.31%	55.31%
<b>Public Service</b>										
Assignable Square Feet	575	575	575	575	575	575	575	575	575	575
Percent Use	0.08%	0.08%	0.08%	0.09%	0.09%	0.09%	0.09%	0.10%	0.10%	0.10%
<b>Academic Support</b>										
Assignable Square Feet	32,064	29,351	29,351	29,351	29,099	29,099	29,099	29,099	29,099	28,209
Percent Use	4.56%	4.32%	4.32%	4.55%	4.66%	4.69%	4.74%	4.84%	4.85%	4.77%
<b>Student Services</b>										
Assignable Square Feet	43,293	43,293	43,293	43,293	43,293	43,293	43,293	43,293	42,669	41,159
Percent Use	6.16%	6.38%	6.38%	6.71%	6.93%	6.98%	7.05%	7.12%	7.12%	6.95%
<b>Institutional Support</b>										
Assignable Square Feet	47,711	47,711	47,711	47,711	47,711	47,711	47,711	47,711	47,895	47,770
Percent Use	6.79%	7.03%	7.03%	7.40%	7.64%	7.69%	7.77%	7.94%	7.99%	8.07%
<b>Plant Operations and Maintenance</b>										
Assignable Square Feet	120,787	120,080	120,080	116,127	116,127	116,127	116,127	114,527	113,875	112,047
Percent Use	17.18%	17.68%	17.69%	18.01%	18.60%	18.72%	18.91%	19.06%	19.00%	18.93%
<b>Auxiliary Enterprises</b>										
Assignable Square Feet	34,876	34,876	34,876	34,876	34,876	34,876	34,876	34,876	34,876	34,712
Percent Use	4.96%	5.13%	5.14%	5.41%	5.58%	5.62%	5.68%	5.80%	5.82%	5.87%
<b>Total</b>	<b>702,995</b>	<b>679,227</b>	<b>678,817</b>	<b>644,748</b>	<b>624,469</b>	<b>620,359</b>	<b>614,231</b>	<b>600,839</b>	<b>599,431</b>	<b>591,843</b>
<b>Unassigned</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>	<b>6,961</b>
<b>Parking Facilities</b>										
Parking spaces available	4,539	4,539	4,535	4,535	4,535	4,535	4,461	4,460	4,460	4,354
Number of employees	707	707	588	588	584	689	998	998	998	981
Number of students <sup>2</sup>	3,832	3,832	3,947	3,947	3,951	3,846	3,472	3,472	3,472	3,373

**Notes:**

All campuses are included.

<sup>1</sup> 2017 data not available

<sup>2</sup> Students park in spaces not designated

Source: South Carolina Commission on Higher Education

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## **Other Information**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## COLLEGE ACCREDITATION AS OF JUNE 30, 2017

Midlands Technical College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees, diplomas and certificates. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions about the accreditation of Midlands Technical College.

### Program Approval and Accreditations

The Legal Assistant/Paralegal program is approved respectively by:

- American Bar Association

The Nursing programs are approved by:

- South Carolina Board of Nursing (SCBN)

Specific programs are accredited by:

- American Society of Health-System Pharmacists (ASHP)
- Accreditation Commission for Education in Nursing (ACEN)
- Accreditation Council for Business Schools and Programs (ACBSP)
- Commission on Dental Accreditation of the American Dental Association (CODA-ADA)
- Commission on Accreditation in Physical Therapy Education (CAPTE)
- Commission on the Accreditation for Health Informatics and Information Management (CAHIIM)
- Commission on Accreditation for Respiratory Care (COARC)
- Council on Accreditation of Allied Health Education Programs (CAAHEP)
- Accreditation Review Council on Education in Surgical Technology and Surgical Assisting (ARC-STSA)
- Medical Assisting Education Review Board (MAERB)
- Joint Review Committee on Educational Programs in Nuclear Medicine Technology (JRCNMT)
- Joint Review Committee on Education in Radiologic Technology (JRCERT)
- National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)
- National Association for the Education of Young Children (NAEYC)
- National Automotive Technicians Education Foundation (NATEF)
- National Council for Standards in Human Services Education (NCSHSE)
- National Institute for Metalworking Skills (NIMS)
- Technology Accreditation Commission of the Accreditation Board for Engineering and Technology; Architectural, Civil and Electronics Engineering Technology (ABET)

## STATEMENT OF NONDISCRIMINATION

Midlands Technical College does not discriminate in admissions, educational programs or employment on the basis of race, sex, national origin or ethnic group, color, age, religion, disability, genetic information, gender, military service, pregnancy or other category protected by applicable law. In compliance with all federal and state laws, including the Age Discrimination Act of 1967, Title VI and Title VII of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972, Sections 503 and 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1992 as well as the ADA Amendments of 2008 (ADAA), and the Genetic Information Nondiscrimination Act of 2008 (GINA), Midlands Technical College offers access and equal opportunity in its admissions policies, academic programs and services, and employment of disabled individuals in that no otherwise qualified person will be denied these provisions on the basis of a disability. Midlands Technical College also prohibits retaliation against any person for bringing a complaint of discrimination or for participating in an investigation of a complaint of discrimination. Mr. Ian A. MacLean has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice regulations, Sections 503 and 504 of the Rehabilitation Act of 1973, Title VI and Title VII and Title IX regulations. Information concerning the provisions of the Americans with Disabilities Act and the right and privileges thereunder are available from Mr. Ian A. MacLean in his position as Director of Internal Audit and Risk Management and the Chief Compliance Officer for Affirmative Action, Equal Opportunity, Sexual Harassment and Disability Action and the Title IX Coordinator. He can be reached at Midlands Technical College, PO Box 2408, Columbia, SC 29202, 803.822.3204.

## STATEMENT OF GAINFUL EMPLOYMENT

For information about MTC graduation rates, the median debt of students who completed their programs, and other information, please visit our website at [www.midlandstech.edu/gep](http://www.midlandstech.edu/gep).

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**Federal Awards**  
**Single Audit and other Compliance Reports Section**

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**MIDLANDS TECHNICAL COLLEGE**



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**MIDLANDS TECHNICAL COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**As of June 30, 2017**

**U.S. DEPARTMENT OF EDUCATION**  
**Student Financial Assistance Cluster**

9840226 Federal Supplemental Educational Opportunity Grants (SEOG)  
9840227 Federal Supplemental Educational Opportunity Grants (SEOG)

9840100 Federal Work-Study Program (CWS)  
9840120 Federal Work-Study Program (CWS)  
9840181 Federal Work-Study Program (CWS-Summer)

9840326 Federal Pell Grant Program  
9840327 Federal Pell Grant Program

9090026 Federal Direct Student Loans  
9090027 Federal Direct Student Loans  
9090056 Federal Direct Student Loans (PLUS)  
9090057 Federal Direct Student Loans (PLUS)

**Total Student Financial Assistance Cluster**

**TRIO Cluster**

9842115 TRIO-Upward Bound  
9842116 TRIO-Upward Bound  
9842117 TRIO-Upward Bound

9842216 TRIO-Talent Search  
9842217 TRIO-Talent Search

9842316 TRIO-Student Support Services (SSS)  
9842317 TRIO-Student Support Services (SSS)

9842416 TRIO-Educational Opportunity Centers (EOC)  
9842417 TRIO-Educational Opportunity Centers (EOC)

**Total TRIO Cluster**

<u>Federal CFDA Number</u>	<u>Program Year</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue at 7/1/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued Revenue at 6/30/2017</u>
84.007A	15/16	\$	412,652	\$ 112,843	\$ (112,843)	\$ -
84.007A	16/17		410,785	-	(434,384)	2,651
			<b>823,437</b>	<b>112,843</b>	<b>(547,227)</b>	<b>2,651</b>
84.033A	16/17		44,654	4,079	(48,733)	-
84.033A	16/17		420,438	50,882	(335,707)	39,841
84.033A	15/16		84,683	-	(66,131)	-
			<b>549,775</b>	<b>54,961</b>	<b>(450,571)</b>	<b>39,841</b>
84.063	15/16		21,000,000	(7,694)	(29,010)	-
84.063	16/17		18,455,000	-	(18,453,842)	726
			<b>39,455,000</b>	<b>(7,694)</b>	<b>(18,482,852)</b>	<b>726</b>
84.268	15/16		25,000,000	5,632	(35,740)	-
84.268	16/17		17,741,700	-	(17,732,546)	9,154
84.268	15/16		1,100,000	-	(6,812)	-
84.268	16/17		1,395,515	-	(1,395,515)	-
			<b>45,237,215</b>	<b>5,632</b>	<b>(19,170,613)</b>	<b>9,154</b>
			<b>86,065,427</b>	<b>165,742</b>	<b>(38,651,263)</b>	<b>52,372</b>
84.047A	14/15		296,334	9,418	(9,418)	-
84.047A	15/16		296,334	70,958	(137,034)	1,648
84.047A	16/17		305,224	-	(185,414)	74,571
			<b>897,892</b>	<b>80,376</b>	<b>(331,866)</b>	<b>76,219</b>
84.044A	15/16		355,928	29,154	(89,070)	-
84.044A	16/17		396,000	-	(328,793)	1,674
			<b>751,928</b>	<b>29,154</b>	<b>(417,863)</b>	<b>1,674</b>
84.042A	15/16		281,511	21,749	(80,304)	476
84.042A	16/17		289,956	-	(222,753)	-
			<b>571,467</b>	<b>21,749</b>	<b>(303,057)</b>	<b>476</b>
84.066A	15/16		230,000	24,700	(76,714)	-
84.066A	16/17		236,900	-	(180,281)	3,437
			<b>466,900</b>	<b>24,700</b>	<b>(256,995)</b>	<b>3,437</b>
			<b>2,688,187</b>	<b>155,979</b>	<b>(1,309,781)</b>	<b>81,806</b>

**MIDLANDS TECHNICAL COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
As of June 30, 2017

	Federal CFDA Number	Program Year	Program or Award Amount	Accrued Revenue at 7/1/2016	Receipts	Disbursements	Accrued Revenue at 6/30/2017
9843016 Higher Educational-Institutional Aid-MTC CARES	84.031A	15/16	246,440	9,478	(195,595)	190,288	4,171
9843017 Higher Educational-Institutional Aid-MTC CARES	84.031A	16/17	545,045	-	(311,758)	324,602	12,844
			<b>791,485</b>	<b>9,478</b>	<b>(507,353)</b>	<b>514,890</b>	<b>17,015</b>
<b>Passed Through S.C. Department of Education</b>							
9843003 Career and Technical Education-Basic Grants to States, Perkins IV (17VA409)	84.048	16/17	558,892	174,158	(420,292)	520,663	274,529
9840487 Career and Technical Education-Basic Grants to States, Perkins Incentive Grant	84.048A	16/17	6,705	-	(5,535)	5,535	-
			<b>565,597</b>	<b>174,158</b>	<b>(425,827)</b>	<b>526,198</b>	<b>274,529</b>
<b>Total Passed Through S.C. Department of Education</b>			<b>90,110,696</b>	<b>505,357</b>	<b>(40,894,224)</b>	<b>40,814,589</b>	<b>425,722</b>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>							
<b>U.S. DEPARTMENT OF LABOR</b>							
<b>Passed Through State Board for Technical and Comprehensive Education</b>							
9172587 WIOA Adult Program-Talent Pipeline Scholarships	17.258	16/17	40,000	-	(18,898)	17,399	(1,499)
			<b>40,000</b>	<b>-</b>	<b>(18,898)</b>	<b>17,399</b>	<b>(1,499)</b>
<b>Total Passed Through State Board for Technical and Comprehensive Education</b>							
9172596 WIOA Youth Activities-Evolve SC-Plans Unlimited Construction & Engineering Services	17.259	15/16	35,658	7,365	(15,420)	8,055	-
9172785 WIOA Dislocated Worker Formula Grants-Evolve SC-Pure Power Technologies	17.278	15/16	4,389	1,595	(1,595)	-	-
9172786 WIOA Dislocated Worker Formula Grants-Evolve SC-LEE Construction Group	17.278	15/16	6,380	3,190	(5,756)	2,566	-
9172787 WIOA Dislocated Worker Formula Grants-Evolve SC-Agape	17.278	15/16	35,076	35,076	(35,076)	-	-
			<b>81,503</b>	<b>47,226</b>	<b>(57,847)</b>	<b>10,621</b>	<b>-</b>
9172682 H-1B Training Grants, Growing Resources for Information Technology (GRIT), Yr.1	17.268	11/12	1,249,985	5,737	(7,365)	1,628	-
9172683 H-1B Training Grants, Growing Resources for Information Technology (GRIT), Yr.2	17.268	12/13	1,242,900	1,434	(2,304)	870	-
9172684 H-1B Training Grants, Growing Resources for Information Technology (GRIT), Yr. 3	17.268	13/14	1,250,430	3,122	(6,277)	3,155	-
9172685 H-1B Training Grants, Growing Resources for Information Technology (GRIT), Yr. 4	17.268	14/15	1,256,685	54,372	(94,537)	40,165	-
			<b>5,000,000</b>	<b>64,665</b>	<b>(110,483)</b>	<b>45,818</b>	<b>-</b>
9172687 H-1B Training Grants, Tech-Hire Partnership	17.268	16/17	617,996	-	(427,950)	480,932	52,982
			<b>617,996</b>	<b>-</b>	<b>(427,950)</b>	<b>480,932</b>	<b>52,982</b>
9176816 H-1B Training Grants, SC Apprenticeship Initiative	17.268	15/16	163,246	10,500	(24,795)	33,033	18,738
			<b>163,246</b>	<b>10,500</b>	<b>(24,795)</b>	<b>33,033</b>	<b>18,738</b>
9172804 Trade Adjustment Assistance Community College & Career Training Grants, BOOST	17.282	13/14	1,414,214	3,484	(97,171)	95,458	1,771
9172805 Trade Adjustment Assistance Community College & Career Training Grants, BOOST	17.282	14/15	674,732	2,928	(14,599)	11,722	51
9172806 Trade Adjustment Assistance Community College & Career Training Grants, BOOST	17.282	15/16	719,818	26,133	(606,011)	580,164	286
9172807 Trade Adjustment Assistance Community College & Career Training Grants, BOOST	17.282	16/17	795,623	-	(817)	817	-
9172814 Trade Adjustment Assistance Community College & Career Training Grants, BOOST Consortium	17.282	13/14	1,314,534	94,508	(482,439)	387,931	-
9172815 Trade Adjustment Assistance Community College & Career Training Grants, BOOST Consortium	17.282	14/15	1,308,280	20,267	(615,416)	595,451	302
9172816 Trade Adjustment Assistance Community College & Career Training Grants, BOOST Consortium	17.282	15/16	1,196,181	20,259	(798,563)	782,144	3,840
9172817 Trade Adjustment Assistance Community College & Career Training Grants, BOOST Consortium	17.282	16/17	955,303	-	(114,880)	121,062	6,182
			<b>8,382,685</b>	<b>167,579</b>	<b>(2,725,896)</b>	<b>2,574,749</b>	<b>12,432</b>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>14,285,430</b>	<b>289,970</b>	<b>(3,369,869)</b>	<b>3,167,552</b>	<b>87,653</b>

MIDLANDS TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
As of June 30, 2017

	Federal CFDA Number	Program Year	Program or Award Amount	Accrued Revenue at 7/1/2016	Receipts	Disbursements	Accrued Revenue at 6/30/2017
<b>NATIONAL SCIENCE FOUNDATION</b>							
Passed Through South Carolina State University							
9470115 Education and Human Resources, SCAMP	47.076	14/15	18,000	10,667	(10,667)	5,333	5,333
9470116 Education and Human Resources, SCAMP	47.076	15/16	18,000	8,000	(18,000)	10,000	-
Total Passed Through South Carolina State University			36,000	18,667	(28,667)	15,333	5,333
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			36,000	18,667	(28,667)	15,333	5,333
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed Through South Carolina First Steps							
9843201 Child Care and Development Block Grant, TEACH Bins	93.575	16/17	4,200	(71)	(6,321)	974	(5,418)
9843204 Child Care and Development Block Grant, SAC101 Online	93.575	16/17	3,125	(2,947)	-	-	(2,947)
9843210 Child Care and Development Block Grant, TEACH CE	93.575	16/17	2,000	-	(2,000)	2,000	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			9,325	(3,018)	(8,321)	2,974	(8,365)
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>							
5940590 Disaster Grant-Public Assistance (Presidentially Declared Disasters)	97.036	15/16	210,000	-	(31,365)	31,365	-
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			210,000	-	(31,365)	31,365	-
<b>TOTAL FEDERAL ASSISTANCE</b>			\$ 104,651,451	\$ 810,976	\$ (44,332,446)	\$ 44,026,813	\$ 505,343

**MIDLANDS TECHNICAL COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2017**

**1. Description**

Midlands Technical College has adopted *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards were adopted to fulfill the financial and compliance audit requirements of federal grantor agencies. For purposes of implementing Uniform Guidance, federal grant awards were susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

**2. Summary of Significant Accounting Principles**

Basis of Presentation

The financial activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the College on the accrual basis, during its fiscal year July 1, 2016, through June 30, 2017.

**3. Loan Programs**

The College has students who have approved Federal Direct Loans. Those loans were disbursed to the students during the current fiscal year. The College is not the lender. The College only processes the loans for the lender, the Department of Education. The total Federal Direct Loans for the current fiscal year were \$19,174,135.

**4. Indirect Cost**

The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

# THE BRITTINGHAM GROUP, L.L.P.

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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Midlands Technical College (the "College"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated September 21, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The Brittingham Group LLP*

West Columbia, South Carolina  
September 21, 2017

# THE BRITTINGHAM GROUP, L.L.P.

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

### ***Report on Compliance for Each Major Federal Program***

We have audited Midlands Technical College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Midlands Technical College's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Midlands Technical College's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.



### Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*The Brittingham Group LLP*

West Columbia, South Carolina  
September 21, 2017

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

### Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the basic financial statements of Midlands Technical College.
2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Midlands Technical College were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of major federal awards is reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Midlands Technical College expresses an unmodified opinion.
6. No audit findings were reported relative to the major federal award programs for Midlands Technical College as depicted below in this schedule.
7. Major federal programs:

Student Financial Aid Cluster	
Federal Supplemental Educational Opportunity Grants	CFDA #84.007
Federal Work-Study Program	CFDA #84.033
Federal Pell Grant Program	CFDA #84.063
Federal Direct Student Loans	CFDA #84.268
Trade Adjustment Assistance Community College and	
Career Training Grants	CFDA #17.282
8. The threshold for distinguishing between Type A and Type B Programs was \$1,320,804.
9. Midlands Technical College qualified as a low risk auditee.

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

**Financial Statement Findings:**

None

**Federal Awards Findings and Questioned Costs:**

No findings or questioned costs.

**Status of Prior Year Findings:**

None were reported.

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### INDEPENDENT ACCOUNTANTS' REPORT ON STATE LOTTERY TUITION ASSISTANCE

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

As a part of our examination of the financial statements of Midlands Technical College (the "College") as of and for the year ended June 30, 2017, we reviewed the administrative procedures and internal control related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A random sample of 25 students was selected from the College's list of financial aid recipients.

We reviewed the student records maintained by the financial aid office of each applicant randomly selected to determine that they contained all necessary information and documentation to determine eligibility. We also determined that any lottery tuition assistance awarded did not exceed the remaining cost of tuition and academic fees for the applicable semester after first applying Pell grants, Federal Supplemental Education Opportunity Grants, South Carolina Need-Based grants, and other applicable grants.

For students included in our sample not receiving funds from the Lottery Tuition Assistance Program, we determined that the students were granted the right to appeal the decision by submitting a written request to the institution's Director of Financial Aid, and determined that the students' requests were handled in accordance with the institution's financial aid procedures as reflected in the student's financial aid record.

We traced amounts to the student account detail to determine that the awarded amounts were identifiably credited to the student's account.

By analytical tools we tested all lottery recipients for the lottery award compliance with restrictions regarding limitations associated with other awards received, amounts received within each term, and eligibility criteria associated with the Life Scholarship program. The results of our test disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In our opinion, the State Lottery Tuition Assistance Program has been administered in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

This report is intended solely for the use of management of the College, the Area Commission for Midlands Technical College, management of the South Carolina State Board for Technical and Comprehensive Education, and the South Carolina Commission of Higher Education and should not be used by anyone other than these specified parties.

*The Brittingham Group LLP*

West Columbia, South Carolina  
September 21, 2017

